



**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

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Auditor of State

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Warren G. Jenkins, CPA  
Chief Deputy Auditor of State

**NEWS RELEASE**

FOR RELEASE

December 26, 2002

Contact: Andy Nielsen  
515/281-5515

Auditor of State Richard Johnson today released an audit report on the City of Johnston, Iowa.

Johnson reported that the City's revenues totaled \$15,216,552 for the year ended June 30, 2002, a 34 percent increase from 2001. The revenues included \$4,395,732 in property tax, \$2,617,463 in tax increment financing revenue, \$585,585 in licenses and permits, \$865,381 from the state, \$43,026 in federal grants, \$3,077,312 in charges for service and \$210,018 in interest on investments. The City also received general obligation bond proceeds of \$2,033,220 that are reported as other financing sources. The significant increase in revenues is due primarily to increased revenue from property and other taxes and tax increment financing revenues.

Expenditures for the year totaled \$16,233,148, a 25 percent decrease from the prior year. Expenditures included \$1,639,672 for community protection, \$2,048,967 for human development, \$11,519,521 for home and community environment and \$1,024,988 for policy and administration. The significant decrease in expenditures is due primarily to decreased capital project expenditures for NW 62<sup>nd</sup> Avenue and the library.

A copy of the audit report is available for review in the office of the Auditor of State and the City Administrator's office.

# # #



**CITY OF JOHNSTON**  
**INDEPENDENT AUDITOR'S REPORTS**  
**FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF FINDINGS**  
**JUNE 30, 2002**

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**City of Johnston**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>(Before January 2002)</b>		
Bob O'Hollearn	Mayor	Jan 1, 2002
Randy Lehman	Mayor Pro tem	Jan 1, 2002
Gordon Allen	Council Member	Jan 1, 2002
Paula Dierenfeld	Council Member	Jan 1, 2004
Brian Laurenzo	Council Member	Jan 1, 2004
John Temple	Council Member	Jan 1, 2004
James P. Sanders	Administrator	Indefinite
Margaret A. Sharp	Finance Director	Indefinite
Stephanie L. Reynolds	City Clerk	Indefinite
J. Russell Hixson	Attorney	Indefinite
<b>(After January 2002)</b>		
Bob O'Hollearn	Mayor	Jan 1, 2004
Brian Laurenzo	Mayor Pro tem	Jan 1, 2004
Paula Dierenfeld	Council Member	Jan 1, 2004
John Temple	Council Member	Jan 1, 2004
Russell Underwood	Council Member	Jan 1, 2006
Mike Wilson	Council Member	Jan 1, 2006
James P. Sanders	Administrator	Indefinite
Margaret A. Sharp	Finance Director	Indefinite
Stephanie L. Reynolds	City Clerk	Indefinite
J. Russell Hixson	Attorney	Indefinite



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Warren G. Jenkins, CPA  
Chief Deputy Auditor of State

**Independent Auditor's Report**

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying general purpose financial statements, listed as exhibits in the table of contents of this report, of the City of Johnston Iowa, as of and for the year ended June 30, 2002. These general purpose financial statements are the responsibility of the City of Johnston's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Des Moines Metropolitan Wastewater Reclamation Authority, a joint venture. The City of Johnston's financial statements include a joint venture equity interest of \$4,141,041 and the liability for revenue bonds/notes issued by the joint venture of \$689,944 as of June 30, 2002, and the increase in joint venture equity interest of \$35,521 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the joint venture in the proprietary fund type, is based solely on the report of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Johnston at June 30, 2002 and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with U.S. generally accepted accounting principles. Also, the Comparison of Receipts, Disbursements and Changes in Balances - Actual to Budget (Cash Basis) and Statement of Disbursements by Program (Cash Basis), present fairly, in all material respects, the cash transactions and the legally adopted budget of the governmental fund types, expendable trust and enterprise funds of the City of Johnston for the year ended June 30, 2002.

In accordance with Government Auditing Standards, we have also issued our report dated October 17, 2002 on our consideration of the City of Johnston's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the general purpose financial statements for the three years ended June 30, 2001 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 19, is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated in all material respects, in relation to the general purpose financial statements taken as a whole.

RICHARD D. JOHNSON, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

October 17, 2002

**General Purpose Financial Statements**

City of Johnston  
 Combined Balance Sheet  
 All Fund Types and Account Groups

June 30, 2002

	Governmental Fund		
	General	Special Revenue	Debt Service
<b>Assets and Other Debits</b>			
Cash and investments	\$ 901,295	2,238,892	245,493
Cash and investments held by the Library Foundation	-	-	-
Receivables:			
Property tax:			
Current year	20,237	34,702	11,665
Succeeding year	3,060,000	2,992,000	1,565,000
Special assessments	-	-	1,053,413
Customer accounts	-	-	-
Unbilled usage	-	-	-
Accrued interest	3,224	1,537	873
Accounts	58,411	60	-
Due from other governments	90,013	59,709	-
Due from other funds (note 7)	-	-	-
Inventories	-	-	-
Prepaid insurance	69,107	-	-
Restricted assets:			
Cash and investments	-	-	-
Special assessments receivable	-	-	-
Accrued interest receivable	-	-	-
Accounts receivable	-	-	-
Advances to other funds (note 7)	1,000	-	-
Property and equipment (note 3)	-	-	-
Construction in progress	-	-	-
Accumulated depreciation	-	-	-
Investment in joint venture (note 5)	-	-	-
Bond issuance costs	-	-	-
Other debits:			
Amount to be provided for the payment of general long-term debt	-	-	-
<b>Total assets and other debits</b>	<b>\$ 4,203,287</b>	<b>5,326,900</b>	<b>2,876,444</b>

Types	Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Total (Memorandum Only)	
	Enterprise	Internal Service		General Fixed Assets	General Long-Term Debt		
Capital Projects	553,745	2,087,013	37,775	414,727	-	-	6,478,940
	-	-	-	182,086	-	-	182,086
	-	-	-	-	-	-	66,604
	-	-	-	-	-	-	7,617,000
	38,315	-	-	-	-	-	1,091,728
	-	298,758	-	-	-	-	298,758
	-	136,278	-	-	-	-	136,278
	512	2,038	-	418	-	-	8,602
	34,718	62,882	-	4,803	-	-	160,874
	93,446	26,000	-	5,000	-	-	274,168
	28,487	-	-	-	-	-	28,487
	-	119,333	-	-	-	-	119,333
	-	7,073	-	-	-	-	76,180
	-	2,009,918	-	-	-	-	2,009,918
	-	183,895	-	-	-	-	183,895
	-	1,920	-	-	-	-	1,920
	-	5,705	-	-	-	-	5,705
	-	-	-	-	-	-	1,000
	-	23,048,860	-	-	13,286,710	-	36,335,570
	-	2,390,948	-	-	-	-	2,390,948
	-	(2,679,493)	-	-	-	-	(2,679,493)
	-	4,141,041	-	-	-	-	4,141,041
	-	13,212	-	-	-	-	13,212
	-	-	-	-	-	25,783,666	25,783,666
	749,223	31,855,381	37,775	607,034	13,286,710	25,783,666	84,726,420

City of Johnston  
 Combined Balance Sheet  
 All Fund Types and Account Groups

June 30, 2002

	Governmental Fund		
	General	Special Revenue	Debt Service
<b>Liabilities</b>			
Accounts payable	\$ 108,715	55,560	-
Salaries and benefits payable	88,901	-	-
Contracts payable	-	-	-
Due to other governments	7,349	239	-
Due to other funds (note 7)	-	-	-
Accrued general obligation bond interest	-	-	-
Current portion of general obligation bonds	-	-	-
General obligation capital loan notes payable (note 6)	-	-	1,078,000
Liabilities payable from restricted assets:			
Customer deposits	-	-	-
Accrued revenue bond/note interest	-	-	-
Current portion of revenue notes	-	-	-
Current portion of revenue bonds	-	-	-
Current portion of Metropolitan Wastewater Reclamation Authority revenue bonds and notes	-	-	-
Deferred revenue:			
Succeeding year property tax	3,060,000	2,992,000	1,565,000
Other	13,075	-	1,047,111
Advances from other funds (note 7)	-	-	-
General obligation bonds/notes payable (note 4)	-	-	-
Revenue bonds/notes payable (note 4)	-	-	-
Des Moines Metropolitan Wastewater Reclamation Authority revenue bonds and notes payable (note 4)	-	-	-
Compensated absences	51,784	-	-
<b>Total liabilities</b>	<b>3,329,824</b>	<b>3,047,799</b>	<b>3,690,111</b>
<b>Fund Equity and Other Credits</b>			
Investment in general fixed assets	-	-	-
Contributed capital	-	-	-
Retained earnings:			
Reserved for:			
Bond retirement	-	-	-
Debt service	-	-	-
Improvements	-	-	-
Unreserved	-	-	-
Fund balances:			
Reserved for:			
Prepaid insurance	69,107	-	-
Advances to other funds	1,000	-	-
Debt service	-	-	(813,667)
Unreserved	803,356	2,279,101	-
<b>Total fund equity and other credits</b>	<b>873,463</b>	<b>2,279,101</b>	<b>(813,667)</b>
<b>Total liabilities, fund equity and other credits</b>	<b>\$ 4,203,287</b>	<b>5,326,900</b>	<b>2,876,444</b>

See notes to financial statements.

Types	Proprietary Fund Types		Fiduciary <u>Fund Type</u> Trust	Account Groups		Total (Memorandum Only)
	Enterprise	Internal Service		General Fixed Assets	General Long-Term Debt	
68,763	205,712	4,706	300	-	-	443,756
-	11,219	-	-	-	-	100,120
521,369	125,656	-	-	-	-	647,025
-	105,354	-	-	-	-	112,942
28,487	-	-	-	-	-	28,487
-	6,763	-	-	-	-	6,763
-	100,000	-	-	-	-	100,000
-	392,000	-	-	-	-	1,470,000
-	8,055	-	-	-	-	8,055
-	26,447	-	-	-	-	26,447
-	91,000	-	-	-	-	91,000
-	70,000	-	-	-	-	70,000
-	83,808	-	-	-	-	83,808
-	-	-	-	-	-	7,617,000
163,683	-	-	-	-	-	1,223,869
-	-	1,000	-	-	-	1,000
-	1,532,820	-	-	-	25,665,000	27,197,820
-	6,614,605	-	-	-	-	6,614,605
-	606,136	-	-	-	-	606,136
-	7,680	-	-	-	118,666	178,130
782,302	9,987,255	5,706	300	-	25,783,666	46,626,963
-	-	-	-	13,286,710	-	13,286,710
-	14,703,768	-	-	-	-	14,703,768
-	923,127	-	-	-	-	923,127
-	269,866	-	-	-	-	269,866
-	275,324	-	-	-	-	275,324
-	5,696,041	32,069	-	-	-	5,728,110
-	-	-	-	-	-	69,107
-	-	-	-	-	-	1,000
-	-	-	-	-	-	(813,667)
(33,079)	-	-	606,734	-	-	3,656,112
(33,079)	21,868,126	32,069	606,734	13,286,710	-	38,099,457
749,223	31,855,381	37,775	607,034	13,286,710	25,783,666	84,726,420

City of Johnston

Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
All Governmental Fund Types and Expendable Trust Funds

Year Ended June 30, 2002

	Governmental	
	General	Special Revenue
<b>Revenues:</b>		
Property tax	\$ 2,956,598	-
Tax increment financing revenue	-	2,617,463
Other city tax	492,163	-
Licenses and permits	503,997	-
Use of money and property	38,865	22,969
Intergovernmental	173,067	715,664
Charges for service	118,338	-
Special assessments	-	-
Miscellaneous	152,750	16,120
Total revenues	<u>4,435,778</u>	<u>3,372,216</u>
<b>Expenditures:</b>		
Community Protection Program	1,177,274	271,403
Human Development Program	1,061,396	-
Home and Community Environment Program	894,030	1,258,803
Policy and Administration Program	1,024,988	-
Total expenditures	<u>4,157,688</u>	<u>1,530,206</u>
Excess (deficiency) of revenues over (under) expenditures	<u>278,090</u>	<u>1,842,010</u>
<b>Other financing sources (uses):</b>		
Sale of general fixed assets	-	-
General obligation bond proceeds (net of \$26,780 discount)	-	-
Short term debt repaid from or assumed by another fund	-	-
Principal paid by escrow agent on crossover date	-	-
Operating transfers in	24,888	-
Operating transfers out	(151,300)	(813,583)
Total other financing sources (uses)	<u>(126,412)</u>	<u>(813,583)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	151,678	1,028,427
Fund balances beginning of year	704,210	1,250,674
Increase in reserve for:		
Prepaid insurance	17,575	-
Fund balances end of year	<u>\$ 873,463</u>	<u>2,279,101</u>

See notes to financial statements.

Fund Types		Fiduciary Fund Type	Total
Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
1,439,134	-	-	4,395,732
-	-	-	2,617,463
105,471	-	-	597,634
-	-	81,588	585,585
30,981	14,568	34,067	141,450
3,000	54,526	8,538	954,795
-	-	2,270	120,608
174,282	8,261	-	182,543
221,977	243,942	244,135	878,924
<u>1,974,845</u>	<u>321,297</u>	<u>370,598</u>	<u>10,474,734</u>
-	190,995	-	1,639,672
452,262	295,772	239,537	2,048,967
4,451,290	2,274,307	48,311	8,926,741
-	-	-	1,024,988
<u>4,903,552</u>	<u>2,761,074</u>	<u>287,848</u>	<u>13,640,368</u>
<u>(2,928,707)</u>	<u>(2,439,777)</u>	<u>82,750</u>	<u>(3,165,634)</u>
-	-	1,231	1,231
-	2,033,220	-	2,033,220
369,424	1,915,000	-	2,284,424
(1,025,000)	-	-	(1,025,000)
866,084	120,000	21,655	1,032,627
(142)	(38,001)	(29,743)	(1,032,769)
<u>210,366</u>	<u>4,030,219</u>	<u>(6,857)</u>	<u>3,293,733</u>
(2,718,341)	1,590,442	75,893	128,099
1,904,674	(1,623,521)	530,841	2,766,878
-	-	-	17,575
<u>(813,667)</u>	<u>(33,079)</u>	<u>606,734</u>	<u>2,912,552</u>

**City of Johnston**

City of Johnston

Combined Statement of Revenues, Expenses  
and Changes in Retained Earnings

Proprietary Fund Types

Year ended June 30, 2002

	Enterprise	Internal Service	Total
Operating revenues:			
Intergovernmental	\$ 26,369	-	26,369
Charges for service	2,761,136	-	2,761,136
Miscellaneous	161,850	19,531	181,381
Total operating revenues	<u>2,949,355</u>	<u>19,531</u>	<u>2,968,886</u>
Operating expenses:			
Home and Community Environment Program:			
Personal services	266,404	-	266,404
Contractual services	1,311,839	-	1,311,839
Commodities	94,851	-	94,851
Capital outlay (non-capitalized)	71,974	-	71,974
Depreciation	432,060	-	432,060
	<u>2,177,128</u>	<u>-</u>	<u>2,177,128</u>
Non-program:			
Contractual services	-	51,107	51,107
Total operating expenses	<u>2,177,128</u>	<u>51,107</u>	<u>2,228,235</u>
Operating income (loss)	<u>772,227</u>	<u>(31,576)</u>	<u>740,651</u>
Non-operating revenues (expenses):			
Interest on investments	103,286	-	103,286
Interest expense	(415,652)	-	(415,652)
Service connection fees	195,568	-	195,568
Capital assets contributed	1,428,182	-	1,428,182
Miscellaneous revenues	10,375	-	10,375
Increase in joint venture equity interest	35,521	-	35,521
Total non-operating revenues (expenses)	<u>1,357,280</u>	<u>-</u>	<u>1,357,280</u>
Income (loss) before operating transfers out	2,129,507	(31,576)	2,097,931
Operating transfers in	142	-	142
Net income (loss)	2,129,649	(31,576)	2,098,073
Retained earnings, beginning of year	5,034,709	63,645	5,098,354
Retained earnings, end of year	<u>\$ 7,164,358</u>	<u>32,069</u>	<u>7,196,427</u>

See notes to financial statements.

**Exhibit D**

City of Johnston  
Combined Statement of Cash Flows  
Proprietary Fund Types  
Year Ended June 30, 2002

	Enterprise	Internal Service	Total
Cash flows from operating activities:			
Operating income (loss)	\$ 772,227	(31,576)	740,651
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	432,060	-	432,060
(Increase) in customer accounts, unbilled usage and other accounts receivable	(98,676)	-	(98,676)
(Increase) in due from other governments	(26,000)	-	(26,000)
(Increase) in inventories, at cost	(94,330)	-	(94,330)
(Increase) in prepaid insurance	(2,413)	-	(2,413)
Increase (decrease) in accounts and contracts payable, excluding payables for assets capitalized	123,832	(111)	123,721
Increase in salaries and benefits payable	4,815	-	4,815
Increase in due to other governments	38,407	-	38,407
Increase in accrued compensated absences	3,072	-	3,072
Increase in customer deposits	440	-	440
Total adjustments	381,207	(111)	381,096
Net cash provided by (used in) operating activities	1,153,434	(31,687)	1,121,747
Cash flows from non-capital financing activities:			
Operating transfers in from other funds	142	-	142
Cash flows from capital and related financing activities:			
Special assessments	37,090	-	37,090
Service connection fees	195,568	-	195,568
Purchase of property and equipment	(2,098,252)	-	(2,098,252)
Des Moines Metropolitan Wastewater Reclamation Authority refund	11,186	-	11,186
Revenue bond and note proceeds	4,511,300	-	4,511,300
Capital project loan note proceeds	18,901	-	18,901
Principal paid on revenue bonds and notes	(152,000)	-	(152,000)
Interest paid on revenue bonds and notes	(276,873)	-	(276,873)
Principal paid on bond anticipation notes	(1,325,000)	-	(1,325,000)
Interest paid on bond anticipation notes	(22,212)	-	(22,212)
Principal paid on general obligation bonds	(90,000)	-	(90,000)
Interest paid on general obligation bonds	(101,708)	-	(101,708)
Principal and interest paid on Des Moines Metropolitan Wastewater Reclamation Authority debt	(116,052)	-	(116,052)
Net cash provided by capital and related financing activities	591,948	-	591,948

City of Johnston  
 Combined Statement of Cash Flows  
 Proprietary Fund Types  
 Year ended June 30, 2002

	Enterprise	Internal Service	Total
Cash flows from investing activities:			
Proceeds from sale of investments	1,184,414	-	1,184,414
Interest on investments	115,514	-	115,514
Net cash provided by investing activities	1,299,928	-	1,299,928
Net increase (decrease) in cash and cash equivalents	3,045,452	(31,687)	3,013,765
Cash and cash equivalents at beginning of year	1,051,479	69,462	1,120,941
Cash and cash equivalents at end of year	\$4,096,931	37,775	4,134,706
<b>Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:</b>			
Current assets:			
Cash and investments	\$2,087,013	37,775	2,124,788
Restricted assets:			
Cash and investments	2,009,918	-	2,009,918
Cash and cash equivalents at year end	\$4,096,931	37,775	4,134,706

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2002, capital assets of \$33,106 and \$68,884 were contributed to the Enterprise, Water Utility and Sewer Utility Funds, respectively, from the Capital Projects, NW 62<sup>nd</sup> Avenue west of Merle Hay Road Fund.

During the year ended June 30, 2002, developers contributed water main and sanitary sewer extension totaling \$607,432 and \$718,760, respectively, to the Enterprise, Water Utility and Sewer Utility Funds.

See notes to financial statements.

City of Johnston

Comparison of Receipts, Disbursements  
and Changes in Balances - Actual to Budget (Cash Basis)  
All Governmental Fund Types, Expendable Trust Funds  
and Enterprise Funds

Year ended June 30, 2002

	Actual	Less Funds not Required to be Budgeted
<b>Receipts:</b>		
Property tax	\$ 4,379,813	-
Tax increment financing revenue	2,628,914	-
Other city tax	562,992	-
Licenses and permits	581,376	-
Use of money and property	278,243	4,864
Intergovernmental	948,519	-
Charges for service	2,978,958	-
Special assessments	216,923	-
Miscellaneous	1,039,344	231,499
Total receipts	13,615,082	236,363
<b>Disbursements:</b>		
Program:		
Community Protection	1,779,336	-
Human Development	2,403,598	236,389
Home and Community Environment	14,913,914	-
Policy and Administration	1,028,630	-
Total disbursements	20,125,478	236,389
Deficiency of receipts under disbursements	(6,510,396)	(26)
Other financing sources, net	6,987,076	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	476,680	(26)
Balance beginning of year	8,156,489	182,112
Balance end of year	\$ 8,633,169	182,086

See notes to financial statements.

Net	Amended Budget	Variance - Favorable (Unfavorable)	Net as % of Amended Budget
4,379,813	4,417,990	(38,177)	99%
2,628,914	2,257,688	371,226	116%
562,992	590,759	(27,767)	95%
581,376	435,946	145,430	133%
273,379	340,111	(66,732)	80%
948,519	1,085,141	(136,622)	87%
2,978,958	3,246,474	(267,516)	92%
216,923	218,425	(1,502)	99%
807,845	626,099	181,746	129%
<u>13,378,719</u>	<u>13,218,633</u>	<u>160,086</u>	<u>101%</u>
1,779,336	2,150,268	370,932	83%
2,167,209	2,352,004	184,795	92%
14,913,914	16,517,044	1,603,130	90%
1,028,630	1,080,007	51,377	95%
<u>19,889,089</u>	<u>22,099,323</u>	<u>2,210,234</u>	<u>90%</u>
(6,510,370)	(8,880,690)		
<u>6,987,076</u>	<u>8,004,307</u>		
476,706	(876,383)		
<u>7,974,377</u>	<u>6,945,439</u>		
<u>8,451,083</u>	<u>6,069,056</u>		

**Exhibit F**

City of Johnston  
Statement of Disbursements by Program - Cash Basis  
Year ended June 30, 2002

Fund	Programs			
	Community Protection	Human Development	Home and Community Environment	Policy and Administration
General	\$ 1,172,069	1,035,766	894,729	1,028,630
Special Revenue:				
Road Use Tax	245,106	-	503,914	-
Police	32,435	-	-	-
Law Enforcement Block Grant	11,931	-	-	-
Urban Renewal Tax Increment Financing Loans #1	-	-	93,563	-
Urban Renewal Tax Increment Financing Loans #2	-	-	342,726	-
Urban Renewal Tax Increment Financing Loans #3	-	-	285,748	-
Debt Service:				
General Obligation	-	452,261	2,682,537	-
Urban Renewal Tax Increment Financing Debt #1	-	-	1,604,974	-
Urban Renewal Tax Increment Financing Debt #2	-	-	101,878	-
Urban Renewal Tax Increment Financing Debt #3	-	-	253,835	-
Capital Projects:				
Sidewalk Construction	-	-	1,888	-
Project Development	-	-	19,538	-
NW 62nd Avenue West of Merle Hay Road	273,852	-	1,921,082	-
Assessment Reserve	-	-	4,130	-
Library Construction	-	511,611	-	-
NW Beaver 66th Avenue Intersection	-	-	64,356	-
Park and Trail Improvements	-	164,174	-	-
Merle Hay Road 1998-I-80 to Winwood Drive	-	-	264,304	-
NW 54th Avenue and NW 86th Street	43,943	-	159,309	-
Enterprise:				
Water Utility	-	-	4,904,202	-
Sewer Utility	-	-	760,222	-
Expendable Trust:				
Senior Citizens	-	3,397	-	-
Community Improvement	-	-	50,979	-
<b>Total</b>	<b>\$ 1,779,336</b>	<b>2,167,209</b>	<b>14,913,914</b>	<b>1,028,630</b>

See notes to financial statements.

City of Johnston

Notes to Financial Statements

June 30, 2002

**(1) Summary of Significant Accounting Policies**

The City of Johnston is a political subdivision of the State of Iowa located in Polk County. It was first incorporated in 1969 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, culture, recreation, public improvements and general administrative services.

The financial statements of the City of Johnston have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

A. Reporting Entity

For financial reporting purposes, the City of Johnston has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Johnston (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Blended Component Unit - The Johnston Public Library Foundation is an entity which is legally separate from the City, but is so intertwined with the City that it is, in substance, part of the City. The Foundation is reported as part of the City and blended as an Expendable Trust Fund. This Foundation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Johnston Public Library. These donations are used to purchase items which are not included in the City's budget.

Joint Venture - The City also participates in the Des Moines Metropolitan Wastewater Reclamation Authority (WRA) (formerly the Des Moines Area Integrated Community Area Wastewater Facilities Project). The WRA, a joint venture, was developed as the result of an agreement between the City of Des Moines and surrounding municipalities.

Jointly Governed Organizations - The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Polk County Assessor's Conference Board, the Metro Waste Authority, Polk County Emergency Management Commission, and Polk County Joint E911 Service Board.

The City also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Des Moines Area Transportation Planning Commission and Central Iowa Area Safety and Support Organization.

## B. Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. The various funds and account groups and their designated purposes are as follows:

### Governmental Funds

General Fund - The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, the fixed charges and the capital improvement costs that are not paid through other funds.

Special Revenue Funds - The Special Revenue Funds are utilized to account for revenues derived from specific sources which are usually required by law or regulation to be accounted for in separate funds.

Debt Service Fund - The Debt Service Fund is utilized to account for the payment of interest and principal on the City's general obligation long-term debt.

Capital Projects Funds - The Capital Projects Funds are utilized to account for resources used in the acquisition and construction of capital facilities, with the exception of those that are financed through enterprise funds.

### Proprietary Funds

Enterprise Funds - The Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services that are supported by user charges.

Internal Service Funds - The Internal Service Funds are utilized to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

### Fiduciary Funds

Trust Funds - The Trust Funds are used to account for monies and properties received and held by the City in a trustee capacity. These include expendable trust funds which are accounted for in essentially the same manner as Governmental Funds.

### Account Groups

General Fixed Assets - This account group is established to account for all City general fixed assets, except for infrastructure fixed assets (e.g., streets, bridges, sidewalks, curbs and gutters and storm drainage systems) and property and equipment accounted for in the proprietary fund type.

General Long-Term Debt - This account group is established to account for long-term debt of the City. Long-term liabilities expected to be financed from Governmental Funds are accounted for in this account group, not in the Governmental Funds.

### C. Measurement Focus

Governmental Funds and Expendable Trust Funds are accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of “available spendable resources.” Governmental Fund and Expendable Trust Fund operating statements present increases, revenues and other financing sources, and decreases, expenditures and other financing uses in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Proprietary Funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and all liabilities, whether current or non-current, associated with their activity are included on their balance sheets. Their reported fund equity, net total assets, is segregated into contributed capital and retained earnings components. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

In reporting the financial activity of its proprietary funds, the City applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

### D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental and Expendable Trust Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due. Disbursements for the purchase of assets providing future benefits are recorded as expenditures at time of purchase.

Property taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments), charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual under the modified accrual basis and so have been recognized as revenues of the current fiscal period. Revenues from licenses and permits, fines and forfeitures, refunds and reimbursements and other miscellaneous sources are generally recognized when they are received in cash as they are generally not measurable until actually received.

All Proprietary Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

The City maintains its financial records on the cash basis. The financial statements of the City are prepared by making memorandum adjusting entries to the cash basis financial records.

E. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the combined balance sheet:

Cash, Pooled Investments, and Cash Equivalents – The cash balances of most City funds are pooled in interest-bearing cash accounts, invested in certificates of deposit, or invested in Iowa Public Agency Investment Trust. Interest on the pooled cash accounts and investments is recognized as revenue when earned and recorded in the General Fund and other funds as provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase they have a maturity date no longer than three months.

Property Tax Receivable – Property tax receivable in governmental fund types are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City to the County Board of Supervisors. Current year property taxes receivable represents taxes collected by the County but not remitted to the City at June 30, 2002. The succeeding year property tax receivable represents taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2000 assessed property valuations; is for the tax accrual period July 1, 2001 through June 30, 2002 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March, 2001.

Special Assessments Receivable - Special assessments receivable represents the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than ten nor more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other tax.

Customer Accounts and Unbilled Usage Receivable - Accounts receivable are recorded in the enterprise funds at the time the service is billed. Unbilled usage for service consumed between periodic scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided.

Due from and Due to Other Funds - During the course of its operations, the City has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2002, balances of interfund amounts receivable or payable have been recorded.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Proprietary Fund inventories of materials and supplies are valued at cost, using the first-in/first-out (FIFO) method.

### Property and Equipment

General Fixed Assets - General fixed assets are recorded as expenditures in the Governmental Funds and are capitalized (recorded and accounted for) in the General Fixed Assets Account Group. Assets in this account group are recorded at historical cost. Assets acquired by gift are accounted for at the asset's fair market value at the date of the gift. The General Fixed Assets Account Group excludes public domain or "infrastructure" general fixed assets such as roads, bridges, curbs, gutters, streets, sidewalks and similar assets that are immovable and of value only to the government.

In accordance with standards set forth by the Governmental Accounting Standards Board, depreciation expense is not recorded on the balance sheet for general fixed assets. At the time an asset is removed from service, the cost is removed from the General Fixed Asset Account Group. Maintenance and repairs are recorded as expenditures in the Governmental Funds as incurred and are not capitalized. During the year ended June 30, 2002, no interest costs were capitalized since there were no qualifying assets other than infrastructure, and it is the City's policy not to capitalize infrastructure.

Proprietary Fund - Proprietary fund type property and equipment is accounted for at original cost. Contributed fixed assets are recorded at estimated fair market value at the time received.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations.

Accumulated depreciation is reported on Proprietary Fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Water mains	50-100 years
Sanitary sewer system	50 years
Appurtenances	50 years
Equipment	5-20 years

Depreciation expense for the year ended June 30, 2002 was \$190,869 for the Water Utility and \$241,191 for the Sewer Utility.

The cost of repairs and maintenance is charged to expense, while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations.

Interest is capitalized on qualified proprietary fund assets acquired with certain tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. During the year ended June 30, 2002, no interest costs were capitalized since there were no qualifying assets.

Restricted Assets - Funds set aside for payment of enterprise fund revenue bonds and notes are classified as restricted assets since their use is restricted by applicable bond and note indentures. Other restricted assets include cash and investments held by the City and in trust for future enterprise construction costs, customer deposits restricted for application to unpaid customer accounts or for refund to customers and special assessments receivable.

Bond Discounts and Issuance Costs - Bond discounts and issuance costs associated with revenue bonds general obligation bonds payable from enterprise funds are deferred and amortized over the term of the bonds using the straight-line method. Bond discounts are deducted from the bonds outstanding and unamortized issuance costs are presented as other assets.

Due to Other Governments - Due to other governments represents taxes and other revenues collected by the City and payments for services which will be remitted to other governments.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of the succeeding year property tax receivable, special assessments receivable and other receivables not collected within sixty days after year end.

Compensated Absences - City employees accumulate a limited amount of earned but unused vacation and compensatory leave hours for subsequent use or for payment upon termination, death or retirement. For Proprietary Fund types these accumulations are recorded as liabilities and expenses for the year earned. Amounts representing the cost of compensated absences expected to be liquidated currently are recorded as liabilities of the Governmental Fund types. A liability has been recorded in the General Long-Term Debt Account Group representing the City's commitment to fund non-current compensated absences. This liability has been computed based on rates of pay in effect at June 30, 2002.

Unreserved Retained Earnings - The unreserved retained earnings of the Internal Service Fund, Health Deductible Claims is designated for anticipated future catastrophic losses to the City.

F. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except the blended component unit and internal service funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end. During the year ended June 30, 2002, the City Council approved one amendment to the budget.

Formal and legal budgetary control is based upon four major classes of disbursements, known as programs, not by fund. These four programs are community protection, human development, home and community environment and policy and administration.

Exhibit E is a comparison of cash basis receipts, disbursements and changes in balances with the cash basis budget, which is legally controlled by program, not fund type. Operations and ending fund balances on the cash and modified accrual basis have been reconciled as follows:

	Governmental Fund Types					
	General			Special Revenue		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 4,381,935	53,843	4,435,778	3,373,454	(1,238)	3,372,216
Expenditures	4,131,194	26,494	4,157,688	1,515,423	14,783	1,530,206
Net	250,741	27,349	278,090	1,858,031	(16,021)	1,842,010
Other financing sources (uses)	(126,412)	-	(126,412)	(813,583)	-	(813,583)
Beginning fund balances	776,966	(72,756)	704,210	1,194,444	56,230	1,250,674
Increase in reserve for prepaids	-	17,575	17,575	-	-	-
Ending fund balances	\$ 901,295	(27,832)	873,463	2,238,892	40,209	2,279,101

	Governmental Fund Types					
	Debt Service			Capital Projects		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 1,975,089	(244)	1,974,845	330,656	(9,359)	321,297
Expenditures	5,095,485	(191,933)	4,903,552	3,428,187	(667,113)	2,761,074
Net	(3,120,396)	191,689	(2,928,707)	(3,097,531)	657,754	(2,439,777)
Other financing sources (uses)	1,480,300	(1,269,934)	210,366	2,115,219	1,915,000	4,030,219
Beginning fund balances	1,885,589	19,085	1,904,674	1,536,057	(3,159,578)	(1,623,521)
Increase in reserve for prepaids	-	-	-	-	-	-
Ending fund balances	\$ 245,493	(1,059,160)	(813,667)	553,745	(586,824)	(33,079)

	Fiduciary Fund Type			Total		
	Expendable Trust			Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis			
Revenues	\$ 366,895	3,703	370,598	10,428,029	46,705	10,474,734
Expenditures	290,765	(2,917)	287,848	14,461,054	(820,686)	13,640,368
Net	76,130	6,620	82,750	(4,033,025)	867,391	(3,165,634)
Other financing sources (uses)	(6,857)	-	(6,857)	2,648,667	645,066	3,293,733
Beginning fund balances	527,540	3,301	530,841	5,920,596	(3,153,718)	2,766,878
Increase in reserve for prepaids	-	-	-	-	17,575	17,575
Ending fund balances	\$ 596,813	9,921	606,734	4,536,238	(1,623,686)	2,912,552

	Proprietary Fund Type		
	Enterprise		
	Cash Basis	Accrual Adjust- ments	Accrual Basis
Revenues	\$ 3,187,053	1,535,234	4,722,287
Expenses	5,664,424	(3,071,644)	2,592,780
Net	(2,477,371)	4,606,878	2,129,507
Other financing sources (uses)	4,338,409	(4,338,267)	142
Beginning retained earnings	2,235,893	2,798,816	5,034,709
Ending retained earnings	\$ 4,096,931	3,067,427	7,164,358

**G. Total (Memorandum Only)**

The total column on the combined balance sheet and the combined statement of revenues, expenditures and changes in fund balances is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**(2) Cash and Pooled Investments**

The City's deposits in banks at June 30, 2002, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$6,627,666 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

**(3) Property and Equipment**

A summary of changes in property and equipment comprising general fixed assets for the year ended June 30, 2002 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land	\$ 1,343,771	1,110,000	-	2,453,771
Buildings	1,930,786	5,182,592	-	7,113,378
Equipment	3,317,673	483,270	(81,382)	3,719,561
Construction in progress	5,049,167	125,976	(5,175,143)	-
	<u>\$ 11,641,397</u>	<u>6,901,838</u>	<u>(5,256,525)</u>	<u>13,286,710</u>

**(4) Long-Term Debt**

Bonded Debt

General Obligation bonds/notes:

General obligation bonds/notes have been issued for both general government and proprietary activities. The portion of unmatured general obligation bonds/notes accounted for in the general long-term debt account group and serviced by the Debt Service Fund totaled \$25,665,000 as of June 30, 2002. The portion of unmatured general obligation bonds/notes expected to be repaid from proprietary revenues and accounted for in the Enterprise Funds totaled \$1,640,000 as of June 30, 2002. In compliance with statutory requirements, funds pledged and available in the Enterprise Funds to service general obligation bonds are recorded as reimbursements to the Debt Service Fund in the City's accounting system. General obligation bonds/notes bear interest with rates ranging from 3.00% to 9.00% and mature in varying annual amounts ranging from \$65,000 to \$905,000, with final maturities due in the year ending June 30, 2016.

Revenue bonds/notes:

Three issues of unmatured revenue bonds/notes totaling \$6,858,000 are outstanding as of June 30, 2002. These bonds/notes bear interest at rates of 4.30% to 5.40% and mature in varying annual amounts ranging from \$50,000 to \$470,000 with the final maturities due in the year ending June 30, 2021.

The resolution providing for the issuance of the water revenue bonds and the sewer revenue capital loan notes issued under a loan agreement between the City of Johnston, the Iowa Finance Authority, the Iowa Department of Natural Resources and Wells Fargo Bank includes the following provisions:

- (a) The bonds and notes will only be redeemed from the future earnings of the enterprise activity and the bond and note holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to separate water and sewer revenue sinking accounts for the purpose of making the bond and note principal and interest payments when due.

- (c) Additional monthly transfers shall be made to separate water and sewer reserve accounts until a specific minimum balance has been accumulated. These accounts are restricted for the purpose of paying bond and note principal and interest payments when insufficient money is available in the sinking accounts.
- (d) Additional monthly transfers of \$500 to water and sewer improvement accounts shall be made until balances of \$10,000 each have been accumulated. These accounts are restricted for the purpose of paying bond and note principal and interest payments when insufficient money is available in the sinking and reserve accounts and to pay the cost of extraordinary maintenance expenses or repairs, renewals and replacements not included in the annual budget and for capital improvements to the system.
- (e) User rates shall be established at a level which produces and maintains net revenues at a level not less than 110% of the amount of principal and interest on the bonds and notes falling due in the same year.

Annual debt service requirements to maturity for general obligation, revenue capital loan notes and revenue bonds are as follows:

Year ending June 30,	General		General Obligation		Sewer Revenue		Water		Total	
	Obligation Bonds		Capital Loan Notes		Capital Loan Notes		Revenue Bonds			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 1,770,000	1,248,417	75,000	33,751	91,000	58,812	70,000	263,838	2,006,000	1,604,818
2004	1,875,000	1,171,181	76,000	29,073	96,000	54,608	120,000	260,408	2,167,000	1,515,270
2005	1,990,000	1,088,453	82,000	24,319	100,000	50,174	155,000	254,792	2,327,000	1,417,738
2006	2,135,000	999,870	68,000	19,164	105,000	45,554	185,000	247,602	2,493,000	1,312,190
2007	2,080,000	902,474	74,000	15,287	109,000	40,702	220,000	238,943	2,483,000	1,197,406
2008	2,100,000	806,914	75,000	11,029	115,000	35,666	240,000	228,667	2,530,000	1,082,276
2009	2,075,000	709,650	26,000	6,700	120,000	30,354	255,000	217,388	2,476,000	964,092
2010	2,185,000	613,094	28,000	5,498	125,000	24,810	270,000	205,312	2,608,000	848,714
2011	2,325,000	510,550	29,000	4,204	131,000	19,034	280,000	192,533	2,765,000	726,321
2012	2,435,000	400,079	30,000	2,864	137,000	12,982	295,000	179,267	2,897,000	595,192
2013	1,950,000	282,831	32,000	1,478	144,000	6,652	310,000	165,253	2,436,000	456,214
2014	1,675,000	189,017	-	-	-	-	335,000	150,412	2,010,000	339,429
2015	1,605,000	105,501	-	-	-	-	345,000	135,338	1,950,000	240,839
2016	510,000	23,720	-	-	-	-	370,000	119,812	880,000	143,532
2017	-	-	-	-	-	-	385,000	102,700	385,000	102,700
2018	-	-	-	-	-	-	405,000	84,605	405,000	84,605
2019	-	-	-	-	-	-	425,000	65,368	425,000	65,368
2020	-	-	-	-	-	-	450,000	44,967	450,000	44,967
2021	-	-	-	-	-	-	470,000	23,030	470,000	23,030
<b>Total</b>	<b>\$ 26,710,000</b>	<b>9,051,751</b>	<b>595,000</b>	<b>153,367</b>	<b>1,273,000</b>	<b>379,348</b>	<b>5,585,000</b>	<b>3,180,235</b>	<b>34,163,000</b>	<b>12,764,701</b>

Des Moines Metropolitan Wastewater Reclamation Authority Bonds and Notes

The Des Moines Metropolitan Wastewater Reclamation Authority (WRA), (formerly the Integrated Community Area (ICA), as an autonomous entity, was developed as the result of a joint venture agreement between the City of Des Moines and surrounding municipalities established for the primary purpose of planning, constructing, operating and managing sewer related facilities in order to solve the adjoining municipalities waste water problems. The City of Des Moines was designated as the operating agency for the ICA and, as such, is responsible for accounting for all expenditures relating to these projects.

The WRA issues long-term debt and the City of Johnston is responsible for a portion of the debt issued and will annually pay a portion of the bonds and interest due. A schedule of Johnston's portion of future principal and interest payments for that debt is as follows:

Year ending June 30,	Des Moines Metropolitan Wastewater Reclamation Authority Revenue Bonds and Notes		
	Principal	Interest	Total
2003	\$ 83,808	32,011	115,819
2004	81,874	28,107	109,981
2005	53,874	24,291	78,165
2006	56,377	21,785	78,162
2007	58,910	19,163	78,073
2008	61,847	16,421	78,268
2009	64,588	13,544	78,132
2010	68,068	10,527	78,595
2011	61,948	7,372	69,320
2012	55,121	4,492	59,613
2013	8,587	1,931	10,518
2014	8,966	1,547	10,513
2015	9,346	1,147	10,493
2016	9,772	728	10,500
2017	3,358	291	3,649
2018	3,500	148	3,648
<b>Total</b>	<b>\$ 689,944</b>	<b>183,505</b>	<b>873,449</b>

During the year ended June 30, 2002, the City paid \$116,052 for principal and interest pursuant to this agreement. The WRA plans to issue more bonds in the future.

A summary of changes in long-term debt for the year ended June 30, 2002 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year
<b>Reported in the General Long-Term Debt Account Group:</b>				
<b>General obligation bonds/notes:</b>				
Essential Corporate Purpose	\$ 22,740,000	2,060,000	2,105,000	22,695,000
Refunding	2,590,000	-	215,000	2,375,000
Capital loan notes	925,666	-	330,666	595,000
	26,255,666	2,060,000	2,650,666	25,665,000
Compensated absences	105,221	13,445	-	118,666
<b>Total</b>	<b>\$ 26,360,887</b>	<b>2,073,445</b>	<b>2,650,666</b>	<b>25,783,666</b>
	Balance Beginning of Year	Additions	Reductions	Balance End of Year
<b>Reported in Proprietary Fund Type - Enterprise Funds:</b>				
Water Revenue Bonds	\$ 1,055,060	4,512,545	65,000	5,502,605 (1)
Sewer Revenue Capital Loan Notes	1,360,000	-	87,000	1,273,000
General Obligation Bonds	1,722,102	718	90,000	1,632,820 (2)
Sewer Revenue Bonds and Capital Loan Notes - Metropolitan Wastewater Reclamation Authority	767,890	-	77,946	689,944
<b>Total</b>	<b>\$ 4,905,052</b>	<b>4,513,263</b>	<b>319,946</b>	<b>9,098,369</b>

- (1) Bonds were sold at a discount; unamortized discount at June 30, 2002 amounted to \$82,395.
- (2) Bonds were sold at a discount; unamortized discount at June 30, 2002 amounted to \$7,180.

**(5) Joint Venture**

Equity Interest:

The City is a member of the Des Moines Metropolitan Wastewater Reclamation Authority (WRA), a joint venture established in accordance with the provisions of Chapter 28E of the Code of Iowa for the purpose of planning, constructing, operating, and managing sewer-related facilities in order to solve members' waste water problems. Pursuant to the joint venture agreement, the City of Des Moines is the operating agency, and as such, provides the management and each member participates in governing the joint venture. Each WRA member participates at varying percentages in each project phase based on the members' respective benefit. More than 60 percent of the total program cost of \$225,000,000 was funded by state and federal grants. The City's share of the project has been funded through a combination of general obligation bonds, sewer revenue bonds, and several financing agreements with the WRA based on specific construction phases of the project.

The City retains an ownership interest in the project based on existing contributions of capital during phases of the project. The City's interest at June 30, 2002, is approximately 1.53 percent. The City is accounting for its investment in the joint venture under the "equity method" of accounting. Under the equity method of accounting, the investment in the joint venture is recorded at cost and is adjusted annually for the City's share of the joint venture's net income or loss.

The WRA system is operated on a cost reimbursement basis whereby participating communities share in the costs of operations as set forth in the WRA Agreements. Contract payments made to the WRA for operations and maintenance by the City for the year ended June 30, 2002, totaled \$247,860.

Selected information of the WRA as of the year ended June 30, 2002, is as follows:

Results of operations:	
Operating revenues	\$ 8,345,653
Operating loss	(5,928,755)
Non-operating income	1,025,556
Net income	4,081,094
Financial position:	
Total assets	\$ 277,996,464
Total liabilities	7,340,194
Retained earnings	270,656,270

The financial statements for the Des Moines Metropolitan Wastewater Reclamation Authority (WRA) can be obtained from the operating agency, the City of Des Moines.

**(6) General Obligation Capital Loan Notes**

On May 15, 2002, the City issued \$1,470,000 in general obligation capital loan notes to pay the costs of retiring General Obligation Capital Loan Notes, Series 1998A. The notes bear interest at 2.35% per annum and mature on June 1, 2004. The notes will be repaid through issuance of long-term general obligation and/or revenue debt. Due to their short-term nature, the notes have been recorded as a liability of the Debt Service Fund and the Enterprise Fund, Sewer.

**(7) Interfund Assets/Liabilities**

The detail of interfund receivables, payables and advances at June 30, 2002 is as follows:

Due To/Due From Other Funds:

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<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Projects: N.W. 62 <sup>nd</sup> Avenue West of Merle Hay Road	Capital Projects: N.W. 54 <sup>th</sup> Avenue and N.W. 86 <sup>th</sup> Street	<u>\$ 28,487</u>

Advances From/To Other Funds:

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<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Internal Service: Health Deductible Claims	<u>\$ 1,000</u>

**(8) Development Agreements**

The City has entered into various development agreements for urban renewal projects. The agreements require the City to rebate portions of the incremental taxes paid by the developer in exchange for the construction of buildings and certain infrastructure improvements made by the developers. Certain agreements also require the developer certify that specific employment requirements are met. The total to be paid by the City under the agreements is not to exceed \$8,977,791.

The City has rebated a total of \$1,263,704 of incremental taxes under the agreements. The outstanding balance of the agreements at June 30, 2002 was \$7,714,087.

**(9) Forgivable Loans**

The City has entered into five private development agreements for urban renewal projects. The agreements provide that the City make forgivable loans to developers in exchange for the construction of certain minimum improvements located within the City's TIF districts. The loans are amortized and are to be forgiven in annual amounts provided that the developers comply with all requirements stipulated within the agreements. At June 30, 2002, the City had paid \$433,750 under the agreements and forgiven \$65,000 of the loans, leaving a balance of \$368,750 on the loans.

**(10) Pension and Retirement Benefits**

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the City is required to contribute 5.75% of annual payroll except for police employees, in which case the percentages are 6.20% and 9.29%, respectively. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2002, 2001, and 2000, were \$132,275, \$117,529, and \$101,775, respectively, equal to the required contributions for each year.

**(11) Contingent Liability for Sick Leave**

All full-time City employees accumulate sick leave hours for subsequent use. The accumulation of sick leave hours for employees hired after April 1, 1986 does not vest. Employees hired prior to April 1, 1986 but not having ten years of continuous service on April 1, 1986 are vested in proportion to their years of service as of April 1, 1986 with the remainder unvested. These unvested benefits are not recognized as a liability until used by the employee. The City's approximate contingent liability for the unvested sick leave as of June 30, 2002 for the governmental fund types is \$326,500. This contingent liability has been computed based on rates of pay in effect at June 30, 2002.

**(12) Service Agreements**

The City has agreements with the following governmental entities to provide services for its citizens:

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Agreement	Purpose
City of Urbandale	Library services
Polk County Fire District Number 1	Fire services
Johnston Community School District	Community Education Program
Polk County	Roadway maintenance

**(13) Industrial Development Revenue Bonds**

The City has issued a total of \$3,930,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$1,450,000 is outstanding at June 30, 2002. The bonds and related interest are payable solely from the revenues received by tenants of the properties and the bond principal and interest do not constitute liabilities of the City.

**(14) Commitments**

The City has entered into various construction contracts totaling \$4,609,244. As of June 30, 2002, costs of \$2,679,056 had been incurred against the contracts. The remaining \$1,930,188 will be paid as work on these projects progresses. The projects have been primarily funded through the issuance of general obligation bonds/notes.

**(15) Deficit Fund Balances**

The Debt Service Fund, General Obligation, had a deficit balance of \$61,820 at June 30, 2002. The deficit balance was a result of recording a liability for the General Obligation Capital Loan Notes issued during the year ended June 30, 2002. The notes mature in June of 2004 and will be repaid through the issuance of general obligation and sewer revenue bonds.

The Debt Service Fund, Urban Renewal Tax Increment Financing Debt #1, had a deficit balance of \$755,382 at June 30, 2002. The deficit balance was a result of recording a liability for the General Obligation Capital Loan Notes issued during the year ended June 30, 2002. The notes mature in June 2004 and will be repaid through the issuance of general obligation and sewer revenue bonds.

The Capital Projects Fund, NW 62<sup>nd</sup> Avenue West of Merle Hay Road, had a deficit balance of \$509,071 at June 30, 2002. The deficit balance was a result of project costs incurred prior to availability of funds. The deficit will be eliminated through the issuance of general obligation bonds.

The Capital Projects Fund, NW 54<sup>th</sup> Avenue and NW 86<sup>th</sup> Street, had a deficit balance of \$28,487 at June 30, 2002. The deficit balance was a result of project costs incurred prior to availability of funds. The deficit will be eliminated through reimbursements from other governments.

The Capital Projects Fund, NW Beaver Street Improvement, had a deficit balance of \$15,902 at June 30, 2002. The deficit balance was a result of project costs incurred prior to the availability of funds. The deficit will be eliminated through the issuance of general obligation bonds.

#### **(16) Risk Management**

The City of Johnston is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductible and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. No significant reductions in insurance have occurred.

The Health Deductible Claims Fund was established to account for the partial self funding of the City's health insurance benefit plan. The plan is funded by the City and is administered by Seabury and Smith, Inc. The agreement is subject to automatic renewal. The City assumes liability for deductibles up to \$800 per individual for single coverage and \$1,600 per family for family coverage.

Monthly payments of service fees and plan contributions to the Health Deductible Claims Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Seabury and Smith, Inc. from the Health Deductible Claims Fund. The City records the plan assets and related liabilities of the Health Deductible Claims Fund as an Internal Service Fund. The City did not make a contribution to the fund for the year ended June 30, 2002.

Amounts payable from the Health Deductible Claims Fund at June 30, 2002 total \$4,706 which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims, and to establish a reserve for catastrophic losses. That reserve was \$30,754 and is reported as a designation of the Employee Group Health Fund retained earnings. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Information on a reconciliation of changes in the aggregate liabilities for claims for the current year is as follows:

Unpaid claims at July 1, 2001	\$ 4,817
Incurred claims (including claims incurred but not reported at June 30, 2002)	31,263
Payments on claims during the fiscal year	<u>31,374</u>
Unpaid claims at June 30, 2002	<u>\$ 4,706</u>

**(17) Segment Information for Enterprise Funds**

The City maintains two enterprise funds which provide water and sewer services. The funds are set up to operate primarily from proceeds of user charges. Segment information for the year ended June 30, 2002 is as follows:

	Water Utility	Sewer Utility	Total
<b>Results of operations:</b>			
Operating revenues	\$ 2,031,515	917,840	2,949,355
<b>Operating expenses:</b>			
Depreciation	190,869	241,191	432,060
Other	1,252,515	492,553	1,745,068
	<u>1,443,384</u>	<u>733,744</u>	<u>2,177,128</u>
Operating income	588,131	184,096	772,227
Non-operating revenue (expense), net	481,987	875,293	1,357,280
Net income	1,070,118	1,059,389	2,129,507
<b>Financial position:</b>			
Total assets	15,113,737	16,741,644	31,855,381
Net working capital	1,056,479	728,512	1,784,991
Property and equipment, net	12,208,024	10,552,291	22,760,315
Investment in Joint Venture	-	4,141,041	4,141,041
Revenue notes payable	-	1,273,000	1,273,000
Revenue bonds payable	5,502,605	-	5,502,605
General obligation bonds payable	-	1,632,820	1,632,820
Des Moines Metropolitan Wastewater Reclamation Authority revenue bonds and notes	-	689,944	689,944
Retained earnings	2,695,710	4,468,648	7,164,358
<b>Contributed capital:</b>			
Balance, beginning of year	6,452,645	8,624,222	15,076,867
Additions	-	18,901	18,901
Deletions *	-	(392,000)	(392,000)
	<u>6,452,645</u>	<u>8,251,123</u>	<u>14,703,768</u>
Balance, end of year	<u>\$ 9,148,355</u>	<u>12,719,771</u>	<u>21,868,126</u>

\* Sewer fund assumed a \$392,000 liability for debt previously recorded in the governmental funds.

**(18) Subsequent Event**

In October 2002, the City issued \$4,655,000 of general obligation bonds. The proceeds will be used for street projects.

## **Supplemental Information**

**Schedule 1**

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## City of Johnston

## Statement of Revenues, Expenditures and Changes in Fund Balance

## General Fund

Year ended June 30, 2002

Revenues:	
Property tax	<u>\$ 2,956,598</u>
Other city tax:	
Utility tax replacement excise tax	268,320
Hotel/motel tax	<u>223,843</u>
	<u>492,163</u>
Licenses and permits:	
Beer and liquor	7,248
Cigarette	1,031
Building and construction	492,199
Miscellaneous	<u>3,519</u>
	<u>503,997</u>
Use of money and property:	
Interest on investments	25,525
Rent	<u>13,340</u>
	<u>38,865</u>
Intergovernmental:	
State allocation	88,826
Bank franchise tax	6,525
Library state grants	12,503
County contribution	43,267
State and community highway safety	14,010
Public safety partnership and community policing grants	4,815
Miscellaneous	<u>3,121</u>
	<u>173,067</u>
Charges for service:	
Subdivision fees	51,008
Plat review fees	16,404
Library	14,172
Police	657
Planning and zoning application fees	5,614
Fire	3,113
Cemetery	1,600
Park fees	25,000
Miscellaneous	<u>770</u>
	<u>118,338</u>

## City of Johnston

## Statement of Revenues, Expenditures and Changes in Fund Balance

## General Fund

Year ended June 30, 2002

## Revenues (continued):

## Miscellaneous:

Court fines	64,639
Refunds and reimbursements	46,125
Crown point reimbursements	13,155
Miscellaneous	28,831
	<u>152,750</u>
Total revenues	<u>4,435,778</u>

## Expenditures:

## Community Protection Program:

## Police:

Personal services	773,727
Contractual services	68,791
Commodities	40,240
Capital outlay	45,492
	<u>928,250</u>

## Traffic safety:

Contractual services	15,585
Commodities	21,411
Capital outlay	2,600
	<u>39,596</u>

## Fire:

Contractual services	<u>163,000</u>
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## Civil Defense:

Contractual services	797
Commodities	227
Capital Outlay	39,624
	<u>40,648</u>

## Animal control:

Contractual services	5,780
	<u>1,177,274</u>

## Human Development Program:

## Library:

Personal services	352,308
Contractual services	138,667
Commodities	86,945
Capital outlay	10,892
	<u>588,812</u>

**Schedule 1**

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## City of Johnston

## Statement of Revenues, Expenditures and Changes in Fund Balance

## General Fund

Year ended June 30, 2002

## Expenditures (continued):

## Human Development Program (continued):

## Parks:

Personal services	115,336
Contractual services	19,662
Commodities	48,912
Capital outlay	63,455
	<u>247,365</u>

## Crown Point:

Personal services	57,623
Contractual services	19,981
Commodities	8,767
Capital outlay	1,342
	<u>87,713</u>

## Cultural Affairs:

Contractual services	<u>81,727</u>
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## Playgrounds and recreation:

Contractual services	55,779
	<u>1,061,396</u>

## Home and Community Environment Program:

## Building and housing safety:

Personal services	89,547
Contractual services	5,415
Commodities	2,889
Capital outlay	36,177
	<u>134,028</u>

## Roadway maintenance:

Personal services	401,985
Contractual services	58,914
Commodities	74,626
Capital outlay	129,636
	<u>665,161</u>

## Recycling:

Contractual services	<u>73,407</u>
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## City of Johnston

## Statement of Revenues, Expenditures and Changes in Fund Balance

## General Fund

Year ended June 30, 2002

## Expenditures (continued):

## Home and Community Environment Program (continued):

## Cemetery

Contractual Services

350

Commodities

134

484

## Economic development:

Contractual services

20,950894,030

## Policy and Administration Program:

## Legislative:

Personal services

6,042

Contractual services

18,925

Commodities

603

25,570

## City administrator:

Personal services

239,823

Contractual services

170,048

Commodities

11,797

Capital outlay

1,911

423,579

## Financial administration:

Personal services

134,420

Contractual services

41,075

Commodities

1,954

Capital outlay

167

177,616

## Elections:

Contractual services

4,175

## Planning and zoning:

Personal services

154,128

Contractual services

132,025

Commodities

2,809

Capital outlay

5,978

294,940

## Legal services:

Contractual services

35,465

**Schedule 1**

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## City of Johnston

## Statement of Revenues, Expenditures and Changes in Fund Balance

## General Fund

Year ended June 30, 2002

## Expenditures (continued):

## Policy and Administration Program (continued):

## City hall:

Personal services	33,492
Contractual services	23,768
Commodities	5,837
Capital outlay	546

63,6431,024,9884,157,688

## Total expenditures

## Excess of revenues over expenditures

278,090

## Other financing sources (uses):

## Operating transfers in (out):

## Debt Service:

General Obligation	(14,500)
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## Capital Projects:

Assessment Reserve	(20,000)
Park and Trail Improvements	(85,000)
Equipment Replacement Reserve	3,500

## Expendable Trust:

Senior Citizens	(1,800)
Library	21,388
Community Improvement	(30,000)

(126,412)

## Excess of revenues and other financing sources over expenditures and other financing uses

151,678

## Fund balance beginning of year

704,210

## Increase in reserve for prepaid insurance

17,575

## Fund balance end of year

\$ 873,463

See accompanying independent auditor's report.

City of Johnston  
Combining Balance Sheet  
Special Revenue Funds  
June 30, 2002

	Road Use Tax	Urban Renewal Tax Increment Financing Projects #1	Urban Renewal Tax Increment Financing Projects #2	Urban Renewal Tax Increment Financing Projects #3	Police	Law Enforcement Block Grant	Total
<b>Assets</b>							
Cash and investments	\$ 327,242	972,768	146,397	664,274	121,287	6,924	2,238,892
Receivables:							
Property tax:							
Current year	-	13,736	-	20,966	-	-	34,702
Succeeding year	-	720,000	1,385,000	887,000	-	-	2,992,000
Accrued interest	-	884	164	359	123	7	1,537
Accounts	-	-	-	-	-	60	60
Due from other governments	58,787	-	-	-	922	-	59,709
<b>Total assets</b>	<b>\$ 386,029</b>	<b>1,707,388</b>	<b>1,531,561</b>	<b>1,572,599</b>	<b>122,332</b>	<b>6,991</b>	<b>5,326,900</b>
<b>Liabilities and Fund Equity</b>							
Liabilities:							
Accounts payable	\$ 39,457	14,924	-	-	832	347	55,560
Due to other governments	-	-	-	-	100	139	239
Deferred revenue:							
Succeeding year property tax	-	720,000	1,385,000	887,000	-	-	2,992,000
	39,457	734,924	1,385,000	887,000	932	486	3,047,799
Fund equity:							
Unreserved fund balance	346,572	972,464	146,561	685,599	121,400	6,505	2,279,101
<b>Total liabilities and fund equity</b>	<b>\$ 386,029</b>	<b>1,707,388</b>	<b>1,531,561</b>	<b>1,572,599</b>	<b>122,332</b>	<b>6,991</b>	<b>5,326,900</b>

See accompanying independent auditor's report.

**Schedule 3**

City of Johnston

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances

Special Revenue Funds

Year ended June 30, 2002

	Road Use Tax	Urban Renewal Tax Increment Financing Projects #1	Urban Renewal Tax Increment Financing Projects #2	Urban Renewal Tax Increment Financing Projects #3	Police	Law Enforcement Block Grant	Total
<b>Revenues:</b>							
Tax increment financing revenue	\$ -	926,906	748,308	942,249	-	-	2,617,463
<b>Use of money and property:</b>							
Interest on investments	-	12,757	342	7,044	2,694	132	22,969
<b>Intergovernmental:</b>							
Road use tax allocation	700,001	-	-	-	-	-	700,001
Law enforcement block grant	-	-	-	-	-	15,663	15,663
	700,001	-	-	-	-	15,663	715,664
<b>Miscellaneous:</b>							
Fines and forfeitures	-	-	-	-	14,440	-	14,440
Miscellaneous	-	-	-	-	-	1,680	1,680
	-	-	-	-	14,440	1,680	16,120
<b>Total revenues</b>	<b>700,001</b>	<b>939,663</b>	<b>748,650</b>	<b>949,293</b>	<b>17,134</b>	<b>17,475</b>	<b>3,372,216</b>
<b>Expenditures:</b>							
<b>Community Protection Program:</b>							
<b>Police:</b>							
Contractual services	-	-	-	-	100	2,088	2,188
Commodities	-	-	-	-	992	268	1,260
Capital outlay	-	-	-	-	32,275	9,705	32,275
	-	-	-	-	33,367	12,061	45,428
<b>Street Lighting:</b>							
Contractual services	128,451	-	-	-	-	-	128,451
Commodities	561	-	-	-	-	-	561
	129,012	-	-	-	-	-	129,012
<b>Traffic Safety:</b>							
Contractual Services	27,863	-	-	-	-	-	27,863
Capital Outlay	69,100	-	-	-	-	-	69,100
	96,963	-	-	-	-	-	96,963
	225,975	-	-	-	33,367	12,061	271,403
<b>Home and Community Environment Program:</b>							
<b>Roadway maintenance:</b>							
Contractual services	47,038	-	-	-	-	-	47,038
Commodities	149,579	-	-	-	-	-	149,579
Capital outlay	325,224	-	-	-	-	-	325,224
	521,841	-	-	-	-	-	521,841

## City of Johnston

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances

## Special Revenue Funds

Year ended June 30, 2002

	Road Use Tax	Urban Renewal Tax Increment Financing Projects #1	Urban Renewal Tax Increment Financing Projects #2	Urban Renewal Tax Increment Financing Projects #3	Police	Law Enforcement Block Grant	Total
Expenditures (continued):							
Home and Community							
Environment Program (continued):							
Urban Renewal:							
Contractual services	-	108,488	342,726	285,748	-	-	736,962
	<u>521,841</u>	<u>108,488</u>	<u>342,726</u>	<u>285,748</u>	<u>-</u>	<u>-</u>	<u>1,258,803</u>
Total expenditures	<u>747,816</u>	<u>108,488</u>	<u>342,726</u>	<u>285,748</u>	<u>33,367</u>	<u>12,061</u>	<u>1,530,206</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(47,815)</u>	<u>831,175</u>	<u>405,924</u>	<u>663,545</u>	<u>(16,233)</u>	<u>5,414</u>	<u>1,842,010</u>
Other financing uses:							
Operating transfers out:							
Debt Service:							
Urban Renewal Tax Increment Financing Debt #1	-	(457,836)	-	-	-	-	(457,836)
Urban Renewal Tax Increment Financing Debt #2	-	-	(101,886)	-	-	-	(101,886)
Urban Renewal Tax Increment Financing Debt #3	-	-	-	(253,861)	-	-	(253,861)
	<u>-</u>	<u>(457,836)</u>	<u>(101,886)</u>	<u>(253,861)</u>	<u>-</u>	<u>-</u>	<u>(813,583)</u>
Excess (deficiency) of revenues over (under) expenditures other financing uses	<u>(47,815)</u>	<u>373,339</u>	<u>304,038</u>	<u>409,684</u>	<u>(16,233)</u>	<u>5,414</u>	<u>1,028,427</u>
Fund balances beginning of year	<u>394,387</u>	<u>599,125</u>	<u>(157,477)</u>	<u>275,915</u>	<u>137,633</u>	<u>1,091</u>	<u>1,250,674</u>
Fund balances end of year	<u>\$ 346,572</u>	<u>972,464</u>	<u>146,561</u>	<u>685,599</u>	<u>121,400</u>	<u>6,505</u>	<u>2,279,101</u>

See accompanying independent auditor's report.

**Schedule 4**

City of Johnston  
Combining Balance Sheet

Debt Service Fund

June 30, 2002

	General Obligation	Urban Renewal Tax Increment Financing Debt #1	Urban Renewal Tax Increment Financing Debt #2	Urban Renewal Tax Increment Financing Debt #3	Total
<b>Assets</b>					
Cash and investments	\$ 182,572	59,396	1,484	2,041	245,493
Receivables:					
Property tax:					
Current year	11,665	-	-	-	11,665
Succeeding year	1,565,000	-	-	-	1,565,000
Special assessments	734,051	319,362	-	-	1,053,413
Accrued interest	641	222	5	5	873
<b>Total assets</b>	<b>\$ 2,493,929</b>	<b>378,980</b>	<b>1,489</b>	<b>2,046</b>	<b>2,876,444</b>
<b>Liabilities and Fund Equity</b>					
Liabilities:					
Deferred revenue:					
Succeeding year property tax	\$ 1,565,000	-	-	-	1,565,000
Other	727,749	319,362	-	-	1,047,111
General obligation capital loan notes payable	263,000	815,000	-	-	1,078,000
Total liabilities	2,555,749	1,134,362	-	-	3,690,111
Fund equity:					
Fund balances:					
Reserved for debt service	(61,820)	(755,382)	1,489	2,046	(813,667)
<b>Total liabilities and fund equity</b>	<b>\$ 2,493,929</b>	<b>378,980</b>	<b>1,489</b>	<b>2,046</b>	<b>2,876,444</b>

See accompanying independent auditor's report.

**City of Johnston**

**Schedule 5**

## City of Johnston

## Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)

## Debt Service Fund

Year ended June 30, 2002

	General Obligation	Urban Renewal Tax Increment Financing Debt #1	Urban Renewal Tax Increment Financing Debt #2	Urban Renewal Tax Increment Financing Debt #3	Total
Revenues:					
Property tax	\$ 1,439,134	-	-	-	1,439,134
Other city tax:					
Utility tax replacement excise tax	105,471	-	-	-	105,471
Use of money and property:					
Interest on investments	22,541	7,197	155	1,088	30,981
Intergovernmental:					
State allocation	3,000	-	-	-	3,000
Special assessments	128,591	45,691	-	-	174,282
Miscellaneous:					
Accrued interest on bond/note sale	1,977	-	-	-	1,977
Developer reimbursement	-	220,000	-	-	220,000
	1,977	220,000	-	-	221,977
Total revenues	1,700,714	272,888	155	1,088	1,974,845
Expenditures:					
Human Development Program:					
Principal retirement	225,000	-	-	-	225,000
Interest	227,188	-	-	-	227,188
Other	74	-	-	-	74
	452,262	-	-	-	452,262
Home and Community Environment Program:					
Principal retirement	1,769,000	1,356,666	60,000	130,000	3,315,666
Interest	719,647	246,750	41,570	123,683	1,131,650
Other	1,955	1,558	308	153	3,974
	2,490,602	1,604,974	101,878	253,836	4,451,290
Total expenditures	2,942,864	1,604,974	101,878	253,836	4,903,552
Deficiency of revenues under expenditures	(1,242,150)	(1,332,086)	(101,723)	(252,748)	(2,928,707)

## City of Johnston

## Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)

## Debt Service Fund

Year ended June 30, 2002

	General Obligation	Urban Renewal Tax Increment Financing Debt #1	Urban Renewal Tax Increment Financing Debt #2	Urban Renewal Tax Increment Financing Debt #3	Total
Other financing sources (uses):					
Short term debt assumed by Enterprise Fund, Sewer	369,424	-	-	-	369,424
Principal paid by escrow agent on crossover date	(1,025,000)	-	-	-	(1,025,000)
Operating transfers in (out):					
General	14,500	-	-	-	14,500
Special Revenue:					
Urban Renewal Tax Increment Financing Projects #1	-	457,836	-	-	457,836
Urban Renewal Tax Increment Financing Projects #2	-	-	101,886	-	101,886
Urban Renewal Tax Increment Financing Projects #3	-	-	-	253,861	253,861
Capital Projects:					
NW 62nd Avenue West of Merle Hay Road	38,001	-	-	-	38,001
Enterprise:					
Water Utility	(142)	-	-	-	(142)
	52,359	457,836	101,886	253,861	865,942
Total other financing sources (uses)	(603,217)	457,836	101,886	253,861	210,366
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,845,367)	(874,250)	163	1,113	(2,718,341)
Fund balances beginning of year	1,783,547	118,868	1,326	933	1,904,674
Fund balances end of year	\$ (61,820)	(755,382)	1,489	2,046	(813,667)

See accompanying independent auditor's report.

City of Johnston  
Combining Balance Sheet  
Capital Projects Funds  
June 30, 2002

	Sidewalk Construction	Project Development	Johnston Greenbelt
<b>Assets</b>			
Cash and investments	\$ 36,711	24,609	16,325
Receivables:			
Special assessments	38,315	-	-
Accrued interest	38	22	17
Accounts	-	-	-
Due from other governments	-	-	-
Due from other funds	-	-	-
<b>Total assets</b>	<b>\$ 75,064</b>	<b>24,631</b>	<b>16,342</b>
<b>Liabilities and Fund Equity</b>			
Liabilities:			
Accounts payable	\$ 181	-	-
Contracts payable	-	-	-
Due to other funds	-	-	-
Deferred revenue	38,315	-	-
Total liabilities	38,496	-	-
Fund equity:			
Unreserved fund balances	36,568	24,631	16,342
<b>Total liabilities and fund equity</b>	<b>\$ 75,064</b>	<b>24,631</b>	<b>16,342</b>

NW 62nd Avenue West of Merle Hay Road	Assessment Reserve	Library Construction	N.W. Beaver 66th Avenue Intersection
35,911	76,562	88,020	24,405
-	-	-	-
-	76	93	21
-	28,540	-	-
-	-	736	-
28,487	-	-	-
<b>64,398</b>	<b>105,178</b>	<b>88,849</b>	<b>24,426</b>
52,100	-	580	-
521,369	-	-	-
-	-	-	-
-	28,540	-	-
573,469	28,540	580	-
(509,071)	76,638	88,269	24,426
<b>64,398</b>	<b>105,178</b>	<b>88,849</b>	<b>24,426</b>

City of Johnston  
Combining Balance Sheet  
Capital Projects Funds  
June 30, 2002

	Park and Trail Improve- ments	Merle Hay Road 1998 - I-80 to Winwood Dr.	Equipment Replacement Reserve
<b>Assets</b>			
Cash and investments	158,271	24,788	68,143
Receivables:			
Special assessments	-	-	-
Accrued interest	169	10	66
Accounts	34	-	-
Due from other governments	2,026	55,265	-
Due from other funds	-	-	-
<b>Total assets</b>	<b>160,500</b>	<b>80,063</b>	<b>68,209</b>
<b>Liabilities and Fund Equity</b>			
Liabilities:			
Accounts payable	-	-	-
Contracts payable	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	55,265	-
Total liabilities	-	55,265	-
Fund equity:			
Unreserved fund balances	160,500	24,798	68,209
<b>Total liabilities and fund equity</b>	<b>160,500</b>	<b>80,063</b>	<b>68,209</b>

See accompanying independent auditor's report.

NW 54th Avenue and NW 86th Street	NW Beaver Street Improvement	Total
-	-	553,745
-	-	38,315
-	-	512
6,144	-	34,718
35,419	-	93,446
-	-	28,487
<b>41,563</b>	-	<b>749,223</b>
-	15,902	68,763
-	-	521,369
28,487	-	28,487
41,563	-	163,683
<b>70,050</b>	<b>15,902</b>	<b>782,302</b>
<b>(28,487)</b>	<b>(15,902)</b>	<b>(33,079)</b>
<b>41,563</b>	-	<b>749,223</b>

City of Johnston

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances (Deficit)

Capital Projects Funds

Year ended June 30, 2002

	Sidewalk Construc- tion	Project Develop- ment	Johnston Greenbelt
<b>Revenues:</b>			
Use of money and property:			
Interest on investments	\$ 421	130	-
<b>Intergovernmental:</b>			
Revitalization Assistance Community Improvement (RACI) grant	-	-	-
State reimbursement	-	-	-
	-	-	-
Special assessments	8,261	-	-
<b>Miscellaneous:</b>			
Refunds and reimbursements	-	-	-
Donations	-	-	-
Miscellaneous	-	-	-
	-	-	-
<b>Total revenues</b>	<b>8,682</b>	<b>130</b>	<b>-</b>
<b>Expenditures:</b>			
Community Protection Program:			
Traffic safety:			
Capital outlay	-	-	-
Street Lighting:			
Capital outlay	-	-	-
	-	-	-
<b>Human Development Program:</b>			
Parks:			
Contractual services	-	-	-
Capital outlay	-	-	-
	-	-	-

NW 62nd Avenue West of Merle Hay Road	Assessment Reserve	Library Construction	N.W. Beaver 66th Avenue Intersection	Park and Trail Improvements
2,489	1,029	4,042	1,237	2,964
-	-	-	7,500	-
-	-	-	7,500	-
-	-	-	-	2,026
-	-	-	7,500	2,026
-	-	-	-	-
64,049	6,522	102,585	-	-
-	-	-	-	84
-	2,381	-	-	-
64,049	8,903	102,585	-	84
66,538	9,932	106,627	8,737	5,074
110,891	-	-	-	-
80,104	-	-	-	-
190,995	-	-	-	-
-	-	-	-	21,364
-	-	-	-	45,484
-	-	-	-	66,848

City of Johnston

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances (Deficit)

Capital Projects Funds

Year ended June 30, 2002

	Merle Hay Road 1998 - I-80 to Winwood Dr.	Sanitary Sewer 62nd Avenue Merle Hay Road Extensions	59th Court 61st Avenue Sanitary Sewer
<b>Revenues:</b>			
Use of money and property:			
Interest on investments	703	-	-
<b>Intergovernmental:</b>			
Revitalization Assistance Community Improvement (RACI) grant	-	-	-
State reimbursement	-	-	-
Special assessments	-	-	-
<b>Miscellaneous:</b>			
Refunds and reimbursements	42,389	-	-
Donations	-	-	-
Miscellaneous	-	-	-
Total revenues	43,092	-	-
<b>Expenditures:</b>			
Community Protection Program:			
Traffic safety:			
Capital outlay	-	-	-
Street Lighting:			
Capital outlay	-	-	-
Human Development Program:			
Parks:			
Contractual services	-	-	-
Capital outlay	-	-	-

NW Beaver Drive Sanitary Sewer	Equipment Replacement Reserve	NW 54th Avenue and NW 86th Street	NW Beaver Street Improvement	Total
-	1,412	141	-	14,568
-	-	-	-	7,500
-	-	-	-	7,500
-	-	45,000	-	47,026
-	-	45,000	-	54,526
-	-	-	-	8,261
-	-	25,932	-	241,477
-	-	-	-	84
-	-	-	-	2,381
-	-	25,932	-	243,942
-	1,412	71,073	-	321,297
-	-	-	-	110,891
-	-	-	-	80,104
-	-	-	-	190,995
-	-	-	-	21,364
-	-	-	-	45,484
-	-	-	-	66,848

City of Johnston

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances (Deficit)

Capital Projects Funds

Year ended June 30, 2002

	Sidewalk Construc- tion	Project Develop- ment	Johnston Greenbelt
Expenditures (continued):			
Human Development Program (continued):			
Trails:			
Contractual services	-	-	28
Capital Outlay	-	-	-
	-	-	28
Library:			
Contractual services	-	-	-
Capital outlay	-	-	-
	-	-	28
Home and Community Environment Program:			
Street Construction:			
Contractual services	-	209	-
Capital outlay	-	-	-
	-	209	-
Project Development:			
Contractual services	-	9,904	-
Water:			
Capital outlay	-	-	-
Sewer:			
Contractual services	-	-	-
Capital outlay	-	-	-
	-	-	-
Sidewalks:			
Contractual services	2,069	-	-
	2,069	10,113	-
Total expenditures	2,069	10,113	28
Excess (deficiency) of revenues over (under) expenditures	6,613	(9,983)	(28)

NW 62nd Avenue West of Merle Hay Road	Assessment Reserve	Library Construction	N.W. Beaver 66th Avenue Intersection	Park and Trail Improve- ments
-	-	-	-	-
-	-	-	-	96,770
-	-	-	-	96,770
-	-	13,213	-	-
-	-	118,913	-	-
-	-	132,126	-	-
-	-	132,126	-	163,618
599,663	-	-	-	-
1,369,504	-	-	64,356	-
1,969,167	-	-	64,356	-
-	-	-	-	-
33,105	-	-	-	-
-	1,630	-	-	-
68,884	-	-	-	-
68,884	1,630	-	-	-
-	-	-	-	-
2,071,156	1,630	-	64,356	-
2,262,151	1,630	132,126	64,356	163,618
(2,195,613)	8,302	(25,499)	(55,619)	(158,544)

City of Johnston

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances (Deficit)

Capital Projects Funds

Year ended June 30, 2002

	Merle Hay Road 1998 - I-80 to Winwood Dr.	Sanitary Sewer 62nd Avenue Merle Hay Road Extensions	59th Court 61st Avenue Sanitary Sewer
Expenditures (continued):			
Human Development Program (continued):			
Trails:			
Contractual services	-	-	-
Capital outlay	-	-	-
	-	-	-
Library:			
Contractual services	-	-	-
Capital outlay	-	-	-
	-	-	-
	-	-	-
Home and Community Environment Program:			
Street Construction:			
Contractual services	10,859	-	-
Capital outlay	96,015	-	-
	106,874	-	-
Project Development:			
Contractual services	-	-	-
Water:			
Capital outlay	-	-	-
Sewer:			
Contractual services	-	-	-
Capital outlay	-	-	-
	-	-	-
Sidewalks:			
Contractual services	-	-	-
	106,874	-	-
Total expenditures	106,874	-	-
Excess (deficiency) of revenues over (under) expenditures	(63,782)	-	-

NW Beaver Drive Sanitary Sewer	Equipment Replacement Reserve	NW 54th Avenue and NW 86th Street	NW Beaver Street Improvement	Total
-	-	-	-	28
-	-	-	-	96,770
-	-	-	-	96,798
-	-	-	-	13,213
-	-	-	-	118,913
-	-	-	-	132,126
-	-	-	-	295,772
-	-	2,207	-	612,938
-	-	-	15,902	1,545,777
-	-	2,207	15,902	2,158,715
-	-	-	-	9,904
-	-	-	-	33,105
-	-	-	-	1,630
-	-	-	-	68,884
-	-	-	-	70,514
-	-	-	-	2,069
-	-	2,207	15,902	2,274,307
-	-	2,207	15,902	2,761,074
-	1,412	68,866	(15,902)	(2,439,777)

City of Johnston

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances (Deficit)

Capital Projects Funds

Year ended June 30, 2002

	Sidewalk Construc- tion	Project Develop- ment	Johnston Greenbelt
Other financing sources (uses):			
General obligation bond proceeds (net of \$26,780 discount)	-	-	-
Short term debt repaid from Debt Service Fund	-	-	-
Operating transfers in (out):			
General	-	-	-
Debt Service:			
General Obligation	-	-	-
Expendable Trust:			
Northwest Park District	-	-	-
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	6,613	(9,983)	(28)
Fund balances beginning of year	29,955	34,614	16,370
Fund balances end of year	<u>\$ 36,568</u>	<u>24,631</u>	<u>16,342</u>

NW 62nd Avenue West of Merle Hay Road	Assessment Reserve	Library Construction	N.W. Beaver 66th Avenue Intersection	Park and Trail Improvements
2,033,220	-	-	-	-
-	-	-	-	-
-	20,000	-	-	85,000
(38,001)	-	-	-	-
-	-	-	-	18,500
(38,001)	20,000	-	-	103,500
1,995,219	20,000	-	-	103,500
(200,394)	28,302	(25,499)	(55,619)	(55,044)
(308,677)	48,336	113,768	80,045	215,544
(509,071)	76,638	88,269	24,426	160,500

City of Johnston

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances (Deficit)

Capital Projects Funds

Year ended June 30, 2002

	Merle Hay Road 1998 - I-80 to Winwood Dr.	Sanitary Sewer 62nd Avenue Merle Hay Road Extensions	59th Court 61st Avenue Sanitary Sewer
Other financing sources (uses):			
General obligation bond proceeds (net of \$26,780 discount)	-	-	-
Short term debt repaid from Debt Service Fund	-	251,382	270,798
Operating transfers in (out):			
General	-	-	-
Debt Service:			
General Obligation	-	-	-
Expendable Trust:			
Northwest Park District	-	-	-
	-	-	-
Total other financing sources (uses)	-	251,382	270,798
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(63,782)	251,382	270,798
Fund balances beginning of year	88,580	(251,382)	(270,798)
Fund balances end of year	24,798	-	-

See accompanying independent auditor's report.

NW Beaver Drive Sanitary Sewer	Equipment Replacement Reserve	NW 54th Avenue and NW 86th Street	NW Beaver Street Improvement	Total
-	-	-	-	2,033,220
1,392,820	-	-	-	1,915,000
-	(3,500)	-	-	101,500
-	-	-	-	(38,001)
-	-	-	-	18,500
-	(3,500)	-	-	81,999
1,392,820	(3,500)	-	-	4,030,219
1,392,820	(2,088)	68,866	(15,902)	1,590,442
(1,392,820)	70,297	(97,353)	-	(1,623,521)
-	68,209	(28,487)	(15,902)	(33,079)

**Schedule 8**

City of Johnston  
Combining Balance Sheet  
All Enterprise Funds  
June 30, 2002

	Water Utility	Sewer Utility	Total
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 1,039,910	1,047,103	2,087,013
Receivables:			
Customer accounts	200,264	98,494	298,758
Unbilled usage	94,064	42,214	136,278
Accrued interest	999	1,039	2,038
Accounts	4,570	58,312	62,882
Due from other governments	26,000	-	26,000
Inventories	119,333	-	119,333
Prepaid insurance	4,435	2,638	7,073
	<u>1,489,575</u>	<u>1,249,800</u>	<u>2,739,375</u>
Restricted assets:			
Cash and investments	1,353,352	656,566	2,009,918
Special assessments receivable	42,600	141,295	183,895
Accrued interest receivable	1,269	651	1,920
Accounts receivable	5,705	-	5,705
	<u>1,402,926</u>	<u>798,512</u>	<u>2,201,438</u>
Property, plant and equipment:			
Mains, sanitary sewer system and equipment	11,261,506	11,787,354	23,048,860
Construction in progress	2,322,064	68,884	2,390,948
	<u>13,583,570</u>	<u>11,856,238</u>	<u>25,439,808</u>
Less: accumulated depreciation	(1,375,546)	(1,303,947)	(2,679,493)
	<u>12,208,024</u>	<u>10,552,291</u>	<u>22,760,315</u>
Des Moines Metropolitan Wastewater Reclamation Authority (WRA) Assets:			
Investment in joint venture	-	4,141,041	4,141,041
	<u>13,212</u>	<u>-</u>	<u>13,212</u>
Bond issuance costs	13,212	-	13,212
	<u>13,212</u>	<u>-</u>	<u>13,212</u>
<b>Total assets</b>	<u>\$ 15,113,737</u>	<u>16,741,644</u>	<u>31,855,381</u>

City of Johnston  
Combining Balance Sheet  
All Enterprise Funds  
June 30, 2002

	Water Utility	Sewer Utility	Total
<b>Liabilities and Fund Equity</b>			
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	\$ 190,137	15,575	205,712
Salaries and benefits payable	6,978	4,241	11,219
Contracts payable	125,656	-	125,656
Due to other governments	102,645	2,709	105,354
Accrued general obligation bond interest	-	6,763	6,763
Current portion of general obligation bonds	-	100,000	100,000
General obligation capital loan notes payable	-	392,000	392,000
Compensated absences	7,680	-	7,680
	<u>433,096</u>	<u>521,288</u>	<u>954,384</u>
Current liabilities (payable from restricted assets):			
Customer deposits	8,055	-	8,055
Accrued revenue bond/note interest	21,626	4,821	26,447
Current portion of revenue notes	-	91,000	91,000
Current portion of revenue bonds	70,000	-	70,000
Current portion of Des Moines Metropolitan Wastewater Reclamation Authority revenue bonds and notes	-	83,808	83,808
	<u>99,681</u>	<u>179,629</u>	<u>279,310</u>
Non-current liabilities:			
General obligation bonds (net of \$7,180 unamortized discount)	-	1,532,820	1,532,820
Revenue bonds/notes (net of \$82,395 unamortized discount)	5,432,605	1,182,000	6,614,605
Revenue bonds and notes - Des Moines Metropolitan Wastewater Reclamation Authority	-	606,136	606,136
	<u>5,432,605</u>	<u>3,320,956</u>	<u>8,753,561</u>
Total liabilities	<u>5,965,382</u>	<u>4,021,873</u>	<u>9,987,255</u>

**Schedule 8**

City of Johnston  
Combining Balance Sheet  
All Enterprise Funds  
June 30, 2002

	Water Utility	Sewer Utility	Total
<b>Fund equity:</b>			
<b>Contributed capital:</b>			
Other governments	653,744	244,953	898,697
Customers and developers	4,661,421	1,987,951	6,649,372
Municipality	1,137,480	6,018,219	7,155,699
	<u>6,452,645</u>	<u>8,251,123</u>	<u>14,703,768</u>
<b>Retained earnings:</b>			
Reserved for revenue bond retirement	552,986	370,141	923,127
Reserved for debt service	74,308	195,558	269,866
Reserved for improvements	138,331	136,993	275,324
Unreserved	1,930,085	3,765,956	5,696,041
	<u>2,695,710</u>	<u>4,468,648</u>	<u>7,164,358</u>
<b>Total fund equity</b>	<u>9,148,355</u>	<u>12,719,771</u>	<u>21,868,126</u>
<b>Total liabilities and fund equity</b>	<u>\$ 15,113,737</u>	<u>16,741,644</u>	<u>31,855,381</u>

See accompanying independent auditor's report.

## City of Johnston

Combining Statement of Revenues, Expenses  
and Changes in Retained Earnings

## All Enterprise Funds

Year ended June 30, 2002

	Water Utility	Sewer Utility	Total
Operating revenues:			
Intergovernmental	\$ 26,369	-	26,369
Charges for service	1,859,332	901,804	2,761,136
Miscellaneous	145,814	16,036	161,850
Total operating revenues	<u>2,031,515</u>	<u>917,840</u>	<u>2,949,355</u>
Operating expenses:			
Home and Community Environment Program:			
Personal services	160,999	105,405	266,404
Contractual services	947,990	363,849	1,311,839
Commodities	84,178	10,673	94,851
Capital outlay (non-capitalized)	59,348	12,626	71,974
Depreciation expense	190,869	241,191	432,060
Total operating expenses	<u>1,443,384</u>	<u>733,744</u>	<u>2,177,128</u>
Operating income	<u>588,131</u>	<u>184,096</u>	<u>772,227</u>
Non-operating revenues (expenses):			
Interest on investments	63,881	39,405	103,286
Interest expense	(251,069)	(164,583)	(415,652)
Service connection fees	28,637	166,931	195,568
Capital assets contributed	640,538	787,644	1,428,182
Miscellaneous revenues	-	10,375	10,375
Increase in joint venture equity interest	-	35,521	35,521
Total non-operating revenues (expenses)	<u>481,987</u>	<u>875,293</u>	<u>1,357,280</u>
Income before operating transfers	1,070,118	1,059,389	2,129,507
Operating transfers in:			
Debt Service:			
General Obligation	142	-	142
Net income	<u>1,070,260</u>	<u>1,059,389</u>	<u>2,129,649</u>
Retained earnings beginning of year	<u>1,625,450</u>	<u>3,409,259</u>	<u>5,034,709</u>
Retained earnings end of year	<u>\$ 2,695,710</u>	<u>4,468,648</u>	<u>7,164,358</u>

See accompanying independent auditor's report.

**Schedule 10**

City of Johnston  
 Combining Statement of Cash Flows  
 All Enterprise Funds  
 Year ended June 30, 2002

	Water	Sewer	Total
Cash flows from operating activities:			
Operating income	\$ 588,131	184,096	772,227
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	190,869	241,191	432,060
(Increase) in customer accounts, unbilled usage and other accounts receivable	(75,382)	(23,294)	(98,676)
(Increase) in due from other governments	(26,000)	-	(26,000)
(Increase) in inventories, at cost	(94,330)	-	(94,330)
(Increase) in prepaid insurance	(1,328)	(1,085)	(2,413)
Increase in accounts and contracts payable, excluding payables for assets capitalized	115,666	8,166	123,832
Increase in salaries and benefits payable	574	4,241	4,815
Increase in due to other governments	38,407	-	38,407
Increase in accrued compensated absences	3,072	-	3,072
Increase in customer deposits	440	-	440
Total adjustments	151,988	229,219	381,207
Net cash provided by operating activities	740,119	413,315	1,153,434
Cash flows from non-capital financing activities:			
Operating transfers in from other funds	142	-	142
Cash flows from capital and related financing activities:			
Special assessments	-	37,090	37,090
Service connection fees	28,637	166,931	195,568
Purchase of property and equipment	(2,084,919)	(13,333)	(2,098,252)
Des Moines Metropolitan Wastewater Reclamation Authority refund	-	11,186	11,186
Revenue bond proceeds	4,511,300	-	4,511,300
Capital project loan note proceeds	-	18,901	18,901
Principal paid on revenue bonds and notes	(65,000)	(87,000)	(152,000)
Interest paid on revenue bonds and notes	(214,041)	(62,832)	(276,873)
Principal paid on bond anticipation notes	(1,325,000)	-	(1,325,000)
Interest paid on bond anticipation notes	(22,212)	-	(22,212)
Principal paid on general obligation bonds	-	(90,000)	(90,000)
Interest paid on general obligation bonds	-	(101,708)	(101,708)
Principal and interest paid on Des Moines Metropolitan Wastewater Reclamation Authority debt	-	(116,052)	(116,052)
Net cash provided by (used for) capital and related financing activities	828,765	(236,817)	591,948

City of Johnston  
Combining Statement of Cash Flows  
All Enterprise Funds  
Year ended June 30, 2002

	Water	Sewer	Total
Cash flows from investing activities:			
Proceeds from the sale of investments	509,414	675,000	1,184,414
Interest on investments	66,953	48,561	115,514
Net cash provided by investing activities	576,367	723,561	1,299,928
Net increase in cash and cash equivalents	2,145,393	900,059	3,045,452
Cash and cash equivalents at beginning of year	247,869	803,610	1,051,479
Cash and cash equivalents at end of year	\$ 2,393,262	1,703,669	4,096,931

**Reconciliation of cash and cash equivalents at year end to specific assets included on Combining Balance Sheet:**

Current assets:			
Cash and investments	\$ 1,039,910	1,047,103	2,087,013
Restricted assets:			
Cash and investments	1,353,352	656,566	2,009,918
Cash and cash equivalents at year end	\$ 2,393,262	1,703,669	4,096,931

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2002, capital assets of \$33,106 and \$68,884 were contributed to the Enterprise, Water Utility and Sewer Utility Funds, respectively, from the Capital Projects, NW 62<sup>nd</sup> Avenue west of Merle Hay Road Fund.

During the year ended June 30, 2002, developers contributed water main and sanitary sewer extension totaling \$607,432 and \$718,760, respectively, to the Enterprise, Water Utility and Sewer Utility Funds.

See accompanying independent auditor's report.

**City of Johnston**

City of Johnston  
 Combining Balance Sheet  
 Internal Service Funds  
 June 30, 2002

		Health Deductible Claims	Total
	Flexible Spending		
<b>Assets</b>			
Cash and investments	\$ 2,315	35,460	37,775
<b>Liabilities and Fund Equity</b>			
Liabilities:			
Accounts payable	\$ -	4,706	4,706
Advance from other funds	1,000	-	1,000
Total liabilities	1,000	4,706	5,706
Fund equity:			
Unreserved retained earnings	1,315	30,754	32,069
<b>Total liabilities and fund equity</b>	<b>\$ 2,315</b>	<b>35,460</b>	<b>37,775</b>

See accompanying independent auditor's report.

**Schedule 12**

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## City of Johnston

Combining Statement of Revenues, Expenses  
and Changes in Retained Earnings

## Internal Service Funds

Year ended June 30, 2002

	Flexible Spending	Health Deductible Claims	Total
Operating revenues:			
Miscellaneous:			
Contributions from employees	\$ 19,531	-	19,531
Operating expenses:			
Non-program:			
Medical claims	19,844	31,263	51,107
Operating loss	(313)	(31,263)	(31,576)
Retained earnings beginning of year	1,628	62,017	63,645
Retained earnings end of year	\$ 1,315	30,754	32,069

See accompanying independent auditor's report.

City of Johnston  
Combining Statement of Cash Flows  
Internal Service Funds  
Year ended June 30, 2002

	Flexible Spending	Health Deductible Claims	Total
Cash flows from operating activities:			
Operating loss	\$ (313)	(31,263)	(31,576)
Adjustments to reconcile operating loss to net cash used for operating activities:			
(Decrease) in accounts payable	-	(111)	(111)
Net cash used by operating activities and net decrease in cash and cash equivalents	(313)	(31,374)	(31,687)
Cash and cash equivalents at beginning of year	2,628	66,834	69,462
Cash and cash equivalents at end of year	\$ 2,315	35,460	37,775

See accompanying independent auditor's report.

City of Johnston  
Combining Balance Sheet  
Expendable Trust Funds  
June 30, 2002

	Senior Citizens	Library	East Park District	Central Park District
<b>Assets</b>				
Cash and investments:				
City officials	\$ 2,768	73,652	2,621	6,201
Library Foundation	-	-	-	-
Receivables:				
Accrued interest	3	79	-	6
Accounts	-	4,155	216	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 2,771</b>	<b>77,886</b>	<b>2,837</b>	<b>6,207</b>
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Accounts payable	\$ 300	-	-	-
Fund equity:				
Fund balances:				
Unreserved	2,471	77,886	2,837	6,207
<b>Total liabilities and fund equity</b>	<b>\$ 2,771</b>	<b>77,886</b>	<b>2,837</b>	<b>6,207</b>

See accompanying independent auditor's report.

Northridge Park District	North Park District	Northwest Park District	Southwest Park District	Community Improvement	Sidewalk	Library Foundation	Total
57,512	41,617	196,593	9,025	970	23,768	-	414,727
-	-	-	-	-	-	182,086	182,086
61	41	200	2	1	25	-	418
-	-	216	216	-	-	-	4,803
-	-	-	-	5,000	-	-	5,000
<b>57,573</b>	<b>41,658</b>	<b>197,009</b>	<b>9,243</b>	<b>5,971</b>	<b>23,793</b>	<b>182,086</b>	<b>607,034</b>
-	-	-	-	-	-	-	300
<b>57,573</b>	<b>41,658</b>	<b>197,009</b>	<b>9,243</b>	<b>5,971</b>	<b>23,793</b>	<b>182,086</b>	<b>606,734</b>
<b>57,573</b>	<b>41,658</b>	<b>197,009</b>	<b>9,243</b>	<b>5,971</b>	<b>23,793</b>	<b>182,086</b>	<b>607,034</b>

City of Johnston

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances

Expendable Trust Funds

Year ended June 30, 2002

	Senior Citizens	Library	East Park District	Central Park District
<b>Revenues:</b>				
Licenses and permits:				
Building	\$ -	-	2,376	432
Use of money and property:				
Interest on investments	27	1,514	-	90
Cable franchise fee	-	21,378	-	-
	27	22,892	-	90
Intergovernmental:				
Highway planning and construction	-	-	-	-
Charges for service:				
Farmers Market Rent	-	-	-	-
Miscellaneous:				
Park development fees	-	-	-	-
Utility grant	-	-	-	-
Contributions and Donations	924	-	-	-
	924	-	-	-
Total revenues	951	22,892	2,376	522
<b>Expenditures:</b>				
Human Development Program:				
Playgrounds and recreation:				
Contractual services	1,823	-	-	-
Commodities	1,325	-	-	-
	3,148	-	-	-
Library Foundation:				
Contractual services	-	-	-	-
	3,148	-	-	-
Home and Community Environment Program:				
Trees:				
Personal services	-	-	-	-
Contractual services	-	-	-	-
Commodities	-	-	-	-
Capital outlay	-	-	-	-
	-	-	-	-
Total expenditures	3,148	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(2,197)	22,892	2,376	522

Northridge Park District	West Park District	North Park District	Northwest Park District	Southwest Park District	Community Improvement	Sidewalk	Library Foundation	Total
432	-	29,241	37,503	11,604	-	-	-	81,588
1,168	-	334	4,129	20	101	442	4,864	12,689
-	-	-	-	-	-	-	-	21,378
1,168	-	334	4,129	20	101	442	4,864	34,067
-	-	-	-	-	8,538	-	-	8,538
-	-	-	-	-	2,270	-	-	2,270
-	-	-	2,160	-	-	-	-	2,160
-	-	-	-	-	1,000	-	-	1,000
-	-	-	-	6,667	1,885	-	231,499	240,975
-	-	-	2,160	6,667	2,885	-	231,499	244,135
1,600	-	29,575	43,792	18,291	13,794	442	236,363	370,598
-	-	-	-	-	-	-	-	1,823
-	-	-	-	-	-	-	-	1,325
-	-	-	-	-	-	-	-	3,148
-	-	-	-	-	-	-	236,389	236,389
-	-	-	-	-	-	-	236,389	239,537
-	-	-	-	-	21,706	-	-	21,706
-	-	-	-	-	330	-	-	330
-	-	-	-	-	5,389	-	-	5,389
-	-	-	-	-	20,886	-	-	20,886
-	-	-	-	-	48,311	-	-	48,311
-	-	-	-	-	48,311	-	236,389	287,848
1,600	-	29,575	43,792	18,291	(34,517)	442	(26)	82,750

City of Johnston  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances

Expendable Trust Funds

Year ended June 30, 2002

	Senior Citizens	Library	East Park District	Central Park District
Other financing sources (uses):				
Sale of general fixed assets	-	1,231	-	-
Operating transfers in (out):				
General	1,800	(21,388)	-	-
Capital Projects:				
Park and Trail Improvements	-	-	-	-
Expendable Trust:				
West Park District	-	-	-	-
Northwest Park District	-	-	-	-
Southwest Park District	-	-	-	-
Total other financing sources (uses)	1,800	(20,157)	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(397)	2,735	2,376	522
Fund balances beginning of year	2,868	75,151	461	5,685
Fund balances end of year	\$ 2,471	77,886	2,837	6,207

See accompanying independent auditor's report.

Northridge Park District	West Park District	North Park District	Northwest Park District	Southwest Park District	Community Improvement	Sidewalk	Library Foundation	Total
-	-	-	-	-	-	-	-	1,231
-	-	-	-	-	30,000	-	-	10,412
-	-	-	(18,500)	-	-	-	-	(18,500)
-	-	-	11,243	(10,867)	-	-	-	376
-	(11,243)	-	-	-	-	-	-	(11,243)
-	10,867	-	-	-	-	-	-	10,867
-	(376)	-	(7,257)	(10,867)	30,000	-	-	(6,857)
1,600	(376)	29,575	36,535	7,424	(4,517)	442	(26)	75,893
55,973	376	12,083	160,474	1,819	10,488	23,351	182,112	530,841
57,573	-	41,658	197,009	9,243	5,971	23,793	182,086	606,734

**City of Johnston**

City of Johnston  
Schedule of General Fixed Assets by Source  
June 30, 2002

Investments in general fixed assets from:	
General Fund revenues	\$ 1,755,429
Special Revenue Fund revenues	1,767,481
Capital Projects Fund revenues	7,167,404
Trust and Agency Fund revenues	12,452
Donations	<u>2,583,944</u>
Total	<u>\$ 13,286,710</u>

See accompanying independent auditor's report.

City of Johnston  
Schedule of Long-term Indebtedness  
Year ended June 30, 2002

Obligation	Date of Issue	Interest Rates	Amount of Original Issue
<b>General obligation bonds:</b>			
Essential corporate purpose	Dec 1, 1992	5.50-6.15%	\$ 1,290,000
Essential corporate purpose	Nov 1, 1996	4.90-5.25	2,070,000
Essential corporate purpose	Jun 1, 1997	4.00-5.25	2,305,000
Refunding	Jun 1, 1997	4.00-5.10	2,130,000
Essential corporate purpose	Aug 1, 1998	4.00-4.50	3,780,000
Refunding	Dec 1, 1998	4.10-4.35	1,070,000
Essential corporate purpose	Feb 1, 1999	4.00-4.50	1,785,000
Essential corporate purpose	Oct 1, 1999	4.80-5.20	2,250,000
Essential and general corporate purpose	Apr 15, 2000	4.75-5.35	9,155,000
Essential corporate purpose	Mar 1, 2001	3.65-4.80	3,360,000
Essential corporate purpose	Dec 1, 2001	3.00-4.40	2,060,000
Total			
<b>General obligation capital loan notes:</b>			
Essential corporate purpose	Jul 1, 1992	4.62%	\$ 425,000
General corporate purpose	Dec 1, 1994	8.75-9.00	95,000
Essential corporate purpose	Dec 1, 1995	6.35-6.75	375,000
Essential corporate purpose	Dec 1, 1996	8.25	70,000
Essential corporate purpose	Aug 1, 1998	5.90-6.35	340,000
Total			
<b>Revenue capital loan notes:</b>			
Sewer	Jul 1, 1992	4.62%	\$ 1,934,000
<b>Revenue bonds:</b>			
Water	Jun 1, 1997	4.50-5.40%	\$ 1,245,000
Water	Sep 1, 2001	4.30-4.90	4,580,000
<b>Revenue bonds and notes:</b>			
Metropolitan Wastewater Reclamation Authority	Various	Various	\$ 1,036,106

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
1,075,000	-	1,075,000	-	64,413
1,805,000	-	70,000	1,735,000	91,687
1,750,000	-	150,000	1,600,000	87,003
1,520,000	-	215,000	1,305,000	73,443
3,555,000	-	230,000	3,325,000	154,405
1,070,000	-	-	1,070,000	44,802
1,625,000	-	95,000	1,530,000	68,255
2,145,000	-	110,000	2,035,000	106,655
9,155,000	-	465,000	8,690,000	461,977
3,360,000	-	-	3,360,000	181,338
-	2,060,000	-	2,060,000	38,001
<u>\$ 27,060,000</u>	<u>2,060,000</u>	<u>2,410,000</u>	<u>26,710,000</u>	<u>1,371,979</u>
299,000	-	19,000	280,000	13,814
55,000	-	10,000	45,000	4,913
220,000	-	220,000	-	14,667
46,666	-	46,666	-	3,529
305,000	-	35,000	270,000	18,888
<u>\$ 925,666</u>	<u>-</u>	<u>330,666</u>	<u>595,000</u>	<u>55,811</u>
<u>1,360,000</u>	<u>-</u>	<u>87,000</u>	<u>1,273,000</u>	<u>62,832</u>
1,070,000	-	65,000	1,005,000	55,295
-	4,580,000	-	4,580,000	158,746
<u>\$ 1,070,000</u>	<u>4,580,000</u>	<u>65,000</u>	<u>5,585,000</u>	<u>214,041</u>
<u>767,890</u>	<u>-</u>	<u>77,946</u>	<u>689,944</u>	<u>38,106</u>

**Schedule 18**

City of Johnston  
Bond and Note Maturities  
June 30, 2002

Year Ending June 30,	Essential Corporate Purpose Bonds Issued Nov 1, 1996			Essential Corporate Purpose Bonds Issued June 1, 1997			General Obligation Bonds Refunding Issued June 1, 1997			
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	
	2003	4.90%	\$ 65,000	88,258	4.70%	\$ 150,000	80,028	4.70%	\$ 240,000	63,445
	2004	4.90	75,000	85,073	4.80	165,000	72,978	4.80	255,000	52,165
2005	4.90	90,000	81,398	4.85	180,000	65,058	4.85	280,000	39,925	
2006	4.90	175,000	76,988	4.90	190,000	56,328	4.90	280,000	26,345	
2007	5.00	190,000	68,413	5.00	190,000	47,018	5.00	125,000	12,625	
2008	5.00	200,000	58,913	5.10	125,000	37,518	5.10	125,000	6,375	
2009	5.10	215,000	48,913	5.15	135,000	31,143		-	-	
2010	5.20	230,000	37,948	5.15	145,000	24,190		-	-	
2011	5.25	240,000	25,988	5.20	155,000	16,723		-	-	
2012	5.25	255,000	13,388	5.25	165,000	8,663		-	-	
2013		-	-		-	-		-	-	
2014		-	-		-	-		-	-	
2015		-	-		-	-		-	-	
2016		-	-		-	-		-	-	
<b>Total</b>		<b>\$1,735,000</b>	<b>585,280</b>		<b>\$1,600,000</b>	<b>439,647</b>		<b>\$1,305,000</b>	<b>200,880</b>	

Year Ending June 30,	Essential Corporate Purpose Bonds Issued Oct 1, 1999			Essential and General Corporate Purpose Bonds Issued Apr 15, 2000			Essential Corporate Purpose Bonds Issued Mar 1, 2001		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
	2003	4.80%	\$ 115,000	101,375	4.75%	\$ 485,000	439,890	3.650%	\$ 175,000
2004	4.80	120,000	95,855	4.75	510,000	416,853	3.750	190,000	138,683
2005	4.80	125,000	90,095	4.75	535,000	392,628	3.850	200,000	131,558
2006	4.80	130,000	84,095	5.00	560,000	367,215	3.950	205,000	123,857
2007	4.80	140,000	77,855	5.00	590,000	339,215	4.050	210,000	115,760
2008	4.90	145,000	71,135	5.00	620,000	309,715	4.125	220,000	107,255
2009	4.90	155,000	64,030	5.00	650,000	278,715	4.250	230,000	98,180
2010	5.00	160,000	56,435	5.00	685,000	246,215	4.350	235,000	88,405
2011	5.00	170,000	48,435	5.10	725,000	211,965	4.400	250,000	78,182
2012	5.10	180,000	39,935	5.15	765,000	174,990	4.450	260,000	67,182
2013	5.10	185,000	30,755	5.20	805,000	135,592	4.550	275,000	55,612
2014	5.20	200,000	21,320	5.30	855,000	93,732	4.650	285,000	43,100
2015	5.20	210,000	10,920	5.35	905,000	48,418	4.750	305,000	29,848
2016		-	-		-	-	4.800	320,000	15,360
<b>Total</b>		<b>\$ 2,035,000</b>	<b>792,240</b>		<b>\$ 8,690,000</b>	<b>3,455,143</b>		<b>\$ 3,360,000</b>	<b>1,238,052</b>

Essential Corporate Purpose Bonds Issued Aug 1, 1998			Refunding Issued Dec 1, 1998			Essential Corporate Purpose Bonds Issued Feb 1, 1999		
Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
4.100%	\$ 240,000	145,090	4.10%	\$ 85,000	44,803	4.00%	\$ 100,000	64,455
4.200	250,000	135,250	4.10	85,000	41,317	4.00	105,000	60,455
4.250	265,000	124,750	4.10	85,000	37,833	4.00	110,000	56,255
4.300	275,000	113,488	4.10	80,000	34,347	4.00	115,000	51,855
4.350	285,000	101,663	4.10	105,000	31,068	4.05	115,000	47,255
4.375	300,000	89,265	4.15	105,000	26,762	4.10	125,000	42,598
4.400	315,000	76,140	4.20	105,000	22,405	4.20	130,000	37,472
4.400	325,000	62,280	4.25	125,000	17,995	4.25	135,000	32,013
4.450	340,000	47,980	4.25	150,000	12,682	4.30	140,000	26,275
4.500	360,000	32,850	4.35	145,000	6,308	4.40	145,000	20,255
4.500	370,000	16,650		-	-	4.45	150,000	13,875
	-	-		-	-	4.50	160,000	7,200
	-	-		-	-		-	-
	-	-		-	-		-	-
	<u>\$3,325,000</u>	<u>945,406</u>		<u>\$1,070,000</u>	<u>275,520</u>		<u>\$ 1,530,000</u>	<u>459,963</u>

Essential Corporate Purpose Bonds Issued December 1, 2001			Totals	
Interest Rates	Principal	Interest	Principal	Interest
3.00%	\$ 115,000	76,003	\$ 1,770,000	1,248,417
3.00	120,000	72,552	1,875,000	1,171,181
3.00	120,000	68,953	1,990,000	1,088,453
3.00	125,000	65,352	2,135,000	999,870
3.25	130,000	61,602	2,080,000	902,474
3.50	135,000	57,378	2,100,000	806,914
3.60	140,000	52,652	2,075,000	709,650
3.65	145,000	47,613	2,185,000	613,094
3.75	155,000	42,320	2,325,000	510,550
3.85	160,000	36,508	2,435,000	400,079
4.05	165,000	30,347	1,950,000	282,831
4.20	175,000	23,665	1,675,000	189,017
4.30	185,000	16,315	1,605,000	105,501
4.40	190,000	8,360	510,000	23,720
	<u>\$ 2,060,000</u>	<u>659,620</u>	<u>\$ 26,710,000</u>	<u>9,051,751</u>

**Schedule 18**

City of Johnston  
 Bond and Note Maturities  
 June 30, 2002

General Obligation Capital Loan Notes											
Year Ending June 30,	Essential Corporate Purpose Issued Jul 1, 1992			General Corporate Purpose Issued Dec 1, 1994			Essential Corporate Purpose Issued Aug 1, 1998			Totals	
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest
	2003	4.62%	\$ 20,000	12,936	8.90%	\$ 15,000	4,028	6.05%	\$ 40,000	16,787	\$75,000
2004	4.62	21,000	12,012	8.95	15,000	2,693	6.10	40,000	14,368	76,000	29,073
2005	4.62	22,000	11,042	9.00	15,000	1,350	6.20	45,000	11,927	82,000	24,319
2006	4.62	23,000	10,026	-	-	-	6.25	45,000	9,138	68,000	19,164
2007	4.62	24,000	8,962	-	-	-	6.30	50,000	6,325	74,000	15,287
2008	4.62	25,000	7,854	-	-	-	6.35	50,000	3,175	75,000	11,029
2009	4.62	26,000	6,700	-	-	-	-	-	-	26,000	6,700
2010	4.62	28,000	5,498	-	-	-	-	-	-	28,000	5,498
2011	4.62	29,000	4,204	-	-	-	-	-	-	29,000	4,204
2012	4.62	30,000	2,864	-	-	-	-	-	-	30,000	2,864
2013	4.62	32,000	1,478	-	-	-	-	-	-	32,000	1,478
2014	-	-	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>\$ 280,000</b>	<b>83,576</b>		<b>\$ 45,000</b>	<b>8,071</b>		<b>#####</b>	<b>61,720</b>	<b>595,000</b>	<b>#####</b>

Year Ending June 30,	Revenue Capital Loan Notes Sewer Issued Jul 1, 1992			Revenue Bonds Water Issued June 1, 1997			Revenue Bonds Water Issued September 1, 2001			Totals	
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest
	2003	4.62%	\$ 91,000	58,812	4.90%	\$ 70,000	52,175	-	\$ -	211,663	\$ 70,000
2004	4.62	96,000	54,608	4.95	70,000	48,745	4.300%	50,000	211,663	120,000	260,408
2005	4.62	100,000	50,174	5.00	75,000	45,280	4.300	80,000	209,512	155,000	254,792
2006	4.62	105,000	45,554	5.05	80,000	41,530	4.400	105,000	206,072	185,000	247,602
2007	4.62	109,000	40,702	5.10	85,000	37,490	4.400	135,000	201,453	220,000	238,943
2008	4.62	115,000	35,666	5.20	90,000	33,155	4.400	150,000	195,512	240,000	228,667
2009	4.62	120,000	30,354	5.30	95,000	28,475	4.400	160,000	188,913	255,000	217,388
2010	4.62	125,000	24,810	5.30	100,000	23,440	4.400	170,000	181,872	270,000	205,312
2011	4.62	131,000	19,034	5.30	105,000	18,140	4.400	175,000	174,393	280,000	192,533
2012	4.62	137,000	12,982	5.30	115,000	12,575	4.400	180,000	166,692	295,000	179,267
2013	4.62	144,000	6,652	5.40	120,000	6,480	4.400	190,000	158,773	310,000	165,253
2014	-	-	-	-	-	-	4.500	335,000	150,412	335,000	150,412
2015	-	-	-	-	-	-	4.500	345,000	135,338	345,000	135,338
2016	-	-	-	-	-	-	4.625	370,000	119,812	370,000	119,812
2017	-	-	-	-	-	-	4.700	385,000	102,700	385,000	102,700
2018	-	-	-	-	-	-	4.750	405,000	84,605	405,000	84,605
2019	-	-	-	-	-	-	4.800	425,000	65,368	425,000	65,368
2020	-	-	-	-	-	-	4.875	450,000	44,967	450,000	44,967
2021	-	-	-	-	-	-	4.900	470,000	23,030	470,000	23,030
<b>Total</b>		<b>\$ 1,273,000</b>	<b>379,348</b>		<b>\$ 1,005,000</b>	<b>347,485</b>		<b>\$ 4,580,000</b>	<b>2,832,750</b>	<b>\$ 5,585,000</b>	<b>3,180,235</b>

See accompanying independent auditor's report.

**City of Johnston**

**Schedule 19**

## City of Johnston

## Comparison of Taxes and Intergovernmental Revenues

	Years ended June 30,			
	2002	2001	2000	1999
Property tax	\$ 4,395,732	3,533,495	3,425,994	3,222,400
Tax increment financing revenue	2,617,463	1,696,068	776,738	543,605
Other city tax:				
Utility tax replacement excise tax	373,791	333,519	-	-
Hotel/motel tax	223,843	133,086	137,404	163,957
	597,634	466,605	137,404	163,957
Intergovernmental:				
State allocation	91,826	73,458	73,676	73,630
Bank franchise tax	6,525	9,814	9,326	5,159
Public assistance grants	-	-	71,750	223,819
State reimbursement	47,026	27,933	308,723	-
Road use tax	700,001	550,731	502,305	466,309
Public safety partnership and community policing grants	4,815	94,897	92,367	62,002
Highway planning and construction	8,538	5,000	15,000	361,425
Miscellaneous	96,064	66,886	72,274	48,803
	954,795	828,719	1,145,421	1,241,147
Total	\$ 8,565,624	6,524,887	5,485,557	5,171,109

See accompanying independent auditor's report.



**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

Richard D. Johnson, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Warren G. Jenkins, CPA  
Chief Deputy Auditor of State

**Independent Auditor's Report on Compliance  
and on Internal Control over Financial Reporting**

To the Honorable Mayor and  
Members of the City Council:

We have audited the general purpose financial statements of the City of Johnston, Iowa, as of and for the year ended June 30, 2002, and have issued our report thereon dated October 17, 2002. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the City of Johnston's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2002 are based exclusively on knowledge obtained from procedures performed during our audit of the general purpose financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. There were no prior year statutory comments.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Johnston's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Johnston's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable condition that are also considered to be material weaknesses. However, we do not believe the reportable condition described in the accompanying Schedule of Findings is a material weakness. Prior year reportable conditions have been resolved except for item A-02.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Johnston and other parties to whom the City of Johnston may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Johnston during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

RICHARD D. JOHNSON, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

October 17, 2002

City of Johnston  
Schedule of Findings  
Year ended June 30, 2002

**Findings Related to the General Purpose Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**REPORTABLE CONDITIONS:**

A-02 Information Technology Systems - During our review of internal control, the existing control activities in the City's computer based systems were evaluated in order to determine that activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The following weaknesses in the City's computer based systems were noted:

The City does not have written policies for:

- Password privacy and confidentiality.
- Requiring employees to log off computers prior to leaving them unattended because the system does not have a time out or log off function.
- Ensuring that only software licensed to the City is installed on computers.

Also, the City does not have a disaster recovery plan for their computer based systems.

Recommendation - The City should develop written policies addressing the above items in order to improve the City's control over computer based systems. In addition, a disaster recovery plan for computer based systems should be developed.

Response - We will contact other communities and implement a policy and a disaster recovery plan for all City facilities.

Conclusion - Response accepted.

City of Johnston

Schedule of Findings

Year ended June 30, 2002

**Other Findings Related to Statutory Reporting:**

- 1-02 Official Depositories - Official depositories have been approved by the City. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2002.
- 2-02 Certified Budget - Disbursements during the year ended June 30, 2002, did not exceed the amounts budgeted.
- 3-02 Questionable Expenditures - There were no expenditures noted that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 4-02 Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- 5-02 Business Transactions - No business transactions between the City and City officials or employees were noted.
- 6-02 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- 7-02 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.
- 8-02 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- 9-02 Revenue Bonds/Notes - The City has complied with the requirements of the water revenue bond and sewer revenue capital loan note resolutions.
- 10-02 Purchase of Shirts with City Logo - On November 17, 1997, the City adopted Resolution No. 97-253 establishing a policy for expenditure of public funds for a public purpose. The City's policy allows for the use of public funds to recognize volunteers of the community, maintain employee morale and promote the community and its growth. The policy identifies several types of allowable expenditures, including gifts for service.

During the year ended June 30, 2002, the City purchased \$1,404 of shirts for employees and officials. According to the City Council minutes, the purchase was made to provide employees and officials the opportunity to display their City representation at various meetings and functions and to acknowledge employees and officials for their service to the community. The shirt purchases appear to meet the intent of the City's public purpose resolution.

City of Johnston  
Schedule of Findings  
Year ended June 30, 2002

11-02 Other Information Required by Bond Resolution

Insurance - The following insurance policies were in force at June 30, 2002:

Insurer	Description	Amount	Expiration Date
EMC Insurance Companies	Automobile coverage:		
	Liability	\$ 1,000,000	4/1/03
	Uninsured motorists	100,000	4/1/03
	Underinsured motorists	100,000	4/1/03
	Comprehensive/collision	Lesser of cash value or cost of repair	4/1/03
	Auto medical payments	5,000	4/1/03
EMC Insurance Companies	Blanket: Building and personal property	11,572,868	4/1/03
	Property in the open building	52,020	4/1/03
EMC Insurance Companies	General liability coverage:		
	General aggregate	2,000,000	4/1/03
	Products aggregate	2,000,000	4/1/03
	Personal/advertising injury	1,000,000	4/1/03
	Each occurrence	1,000,000	4/1/03
	Damage to rented property	100,000	4/1/03
	Medical expense	5,000	4/1/03
EMC Insurance Companies	Commercial crime	15,000	4/1/03
EMC Insurance Companies	Inland marine:		
	Contractors equipment	690,723	4/1/03
	Rented contractor equipment	50,000	4/1/03
	Miscellaneous property	47,269	4/1/03
	Data processing - equipment	106,596	4/1/03
EMC Insurance Companies	Commercial umbrella:		
	Each occurrence	5,000,000	4/1/03
	General aggregate	5,000,000	4/1/03
	Retained limit	10,000	4/1/03

City of Johnston  
Schedule of Findings  
Year ended June 30, 2002

Insurer	Description	Amount	Expiration Date
EMC Insurance Companies	Workers' compensation: Bodily injury by accident	500,000	4/1/03
	Bodily injury by disease each employee	500,000	4/1/03
	Bodily injury by disease policy limit	500,000	4/1/03
EMC Insurance Companies	Public employee dishonesty - per employee	101,000	4/1/03
	Finance director	50,000	4/1/03
	Forgery or alteration	10,000	4/1/03
EMC Insurance Companies	Linebacker: Each loss	1,000,000	4/1/03
	Aggregate	1,000,000	4/1/03

Statistical Information

Description	Amount
-------------	--------

Sewer customers served at June 30, 2002 2,428

Sewer rates in effect at June 30, 2002:;  
Service availability fee per month of \$3.50 plus \$3.23 per 1,000 gallons of water used

For those contributors who contribute wastewater, the strength of which is greater than normal domestic sewage, a surcharge in addition to the normal charge is collected as follows:

Biochemical oxygen demand	\$0.35 per pound
Suspended solids	\$0.22 per pound

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City of Johnston

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Manager  
Donna F. Kruger, CPA, Senior Auditor II  
Steven O. Fuqua, CPA, Senior Auditor  
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Deputy Auditor of State